

**MONTANA-DAKOTA UTILITIES CO.
GAS DIVISION**

Depreciation Study
as of December 31, 2008



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Earl M. Robinson, CDP

Principal & Director

January 28, 2010

Mr. Paul Bienek
Montana-Dakota Utilities Company
400 North Fourth Street
Bismark, ND 58501

Dear Mr. Bienek:

Re: MDU Gas Depreciation Study

In accordance with your authorization, we have prepared a depreciation study related to the utility plant in service of Montana-Dakota Utilities Company - Gas Division as of December 31, 2008. Our findings and recommendations, together with supporting schedules and exhibits, are set forth in the accompanying report.

Summary schedules have been prepared to illustrate the impact of instituting the recommended annual depreciation rates as a basis for the Company's annual depreciation expense as compared to the rates presently utilized. The application of the present rates to the depreciable plant in service as of December 31, 2008 results in an annual depreciation expense of \$9,698,264. In comparison, the application of the proposed depreciation rates to the depreciable plant in service at December 31, 2008 results in an annual depreciation expense of \$10,224,058, which is a increase of \$525,793 from current rates. The composite annual depreciation rate under present rates is 3.85 percent, while the proposed pro forma composite depreciation rate is 4.06 percent.

Section 2 of our report contains the summary schedules showing the results of our service life and salvage studies and summaries of presently utilized depreciation rates. The subsequent sections of the report present a detailed outline of the methodology and procedures used in the study together with supporting calculations and analyses used in the development of the results. A detailed table of contents follows this letter.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Earl M. Robinson'.

EARL M. ROBINSON, CDP

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MONTANA-DAKOTA UTILITIES COMPANY
Gas

Executive Summary

Table 1 on pages 2-1 to 2-2 is a comparative summary which illustrates the effect of instituting the revised depreciation rates. The schedule includes a comparison of the annual depreciation rates and annual depreciation expense under both present and proposed rates applied using the Straight Line Method for each depreciable property group of the Montana Dakota Utilities Company – Gas (the "Company") plant in service as of December 31, 2008. Both the present and proposed depreciation rates were developed utilizing the Straight Line (SL) Method, Broad Group (BG) Procedure, and the Average Remaining Life (ARL) Technique. The utilization of the recommended depreciation rates based upon the Straight Line Average Remaining Life Procedure results in the setting of depreciation rates which will continuously true up the Company's level of capital recovery over the life of each asset group. Application of this procedure, which is based upon the current best estimates of service life and net salvage together with the Company's plant in service and accrued depreciation, produces annual depreciation rates that will result in the Company recovering 100 percent of its investment -- no more, no less.

Table 1a on pages 2-3 and 2-4 summarizes the segmentation of the Company's property group's December 31, 2008 book depreciation reserves into the plant only, gross salvage, and cost of removal components.

Table 2 - Plant Only on pages 2-5 through 2-7, (which is the development of average remaining life depreciation rates for the Plant Only recovery component) provides a summary of

the detailed life estimates and service life parameters utilized in preparing the Average Remaining Life depreciation rates for each property group. The schedule provides a summary of the detailed data and narrative of the study results set forth in Sections 4 through 7. The developed depreciation rates (Column I) were determined by studying the Company's historical investment data together with the interpretation of future life expectancies which will have a bearing on the overall service life of the Company's property. This study included an analysis of the content of the property groups, discussions with senior management regarding current and anticipated events that may impact the various property groups.

Table 2 - Gross Salvage on pages 2-8 through 2-10 is a similar table to Table 2 – Plant Only, except that this table develops the component level depreciation rates for the recovery of the gross salvage portion of the property cost.

Table 2 - Cost of Removal on pages 2-11 through 2-13 summarizes the depreciation recovery rates for the cost of removal segment of the total plant cost.

Table 3 on pages 2-14 and 2-15 reconciles the December 31, 2008 account level plant in service balances per books versus the balances utilized in the performance of the depreciation study. The table incorporates pending (unrecorded) retirements identified during the course of completing the depreciation study.

Likewise, Table 4, on pages 2-16 and 2-17, reconciles the December 31, 2008 book depreciation reserve balances per books versus the balances utilized in preparing the depreciation rates per this study. The table incorporates the pending (unrecorded) retirements identified in assembling the detailed accounting data for this study.

Table 5, on pages 2-18 to 2-20, contains a summary of the Company's book depreciation

reserve versus the corresponding theoretical depreciation reserve as of December 31, 2008. The theoretical depreciation reserves were developed using each asset category's utility plant in service as of December 31, 2008 together with the current estimated service life characteristics and net salvage factors developed per the study.

Table 6 on page 2-21 summarizes the annual amortization rates and amounts for each of the general plant accounts for which the depreciation amortization approach is being used while Table 7 on page 2-22 to 2-35 are the supporting detail calculations that develop the amortization rates. The amortization of the investments within the selected general plant accounts is driven by the Company's ongoing difficulty to effectively track various of the property account investments that are in many cases related to a large quantity of items of corresponding small investment amounts. Due to the inability to effectively track the items, many times the items are no longer utilized but remain on the company's books and records as unrecorded retirements. Therefore, the accounting procedure for these property items is that the investments within each vintage of the applicable property group is amortized over a predetermined time period. Once attaining the stated amortization period age the asset's original cost investment will have been fully amortized, and accordingly, is retired from the company's books and records. The property accounts for which asset investment amortization is being used includes Account 391, 393, 394, 395, 397, and 398.

In the process of amortization of the selected general plant accounts, there are, by the very nature of average service life dispersion, vintage investments with the applicable property group which exceeds the estimated average service life / proposed amortization period. Given that each vintage of property will be amortized over the average service life an adjustment needs to

be incorporated into the change over process to recover the under depreciated position of those older investments. Accordingly, the variance between the amortization starting point depreciation reserve and the Company's actual book reserve (either positive or negative) is being recorded on a straight line basis over the proposed amortization period along with the annual amortization of all other vintage investments. The amortization starting point book depreciation reserve is equal to the sum of the original cost for vintage older than the amortization period plus the calculated depreciation reserve for vintages with ages equal to or less than the amortization period.

It is recommended that the Company continue to apply depreciation rates and maintain its book depreciation reserve on an account-level basis. The maintenance of the book reserve on an account-level basis requires both the development of annual depreciation expense and distribution of other reserve account charges to an individual level. Maintaining the Company's depreciation records in this detail will aid in completing the various rate studies and, most importantly, clearly identifies the Company's level of capital recovery relative to each category of plant investment.

The general drivers for the proposed depreciation rates include an assessment of the Company's historical experience with regard to achieved service lives and net salvage factors. In addition, consideration is given to current and anticipated events which are anticipated to impact the Company's ability to recover its fixed capital costs related to utility plant in service utilized to provide service to the Company's customers.

The depreciation rate for each individual account changed as a result of reflecting estimates obtained through the in-depth analysis of the Company's most recent data together

with an interpretation of ongoing and anticipated future events. Some of the revisions were not significant and typically reflect fine tuning of previously utilized depreciation rates while others were more substantial in nature. Several of the accounts did reflect more significant changes (as outlined in Section 4 of this report) from the previously utilized depreciation rates.

The most notable depreciation/amortization occurred relative to Account 376 - Mains, Account 380 - Services, Account 391.1 - Office Furniture and Equipment, Account 391.5 - Computer Equipment - Other and Account 392.20 - Transportation Equipment - Cars & Trucks.

The proposed depreciation rate for Account 376 – Mains, increased from 1.92 percent to 2.97 percent. The proposed depreciation rate is the result of combined changes of both the average service life and net salvage parameters for the various property categories that comprise the overall plant account. Based upon the Company's actual historical plant in service data individual service life parameters were estimated for each of the primary property groups (including Steel, Plastic, Valves, Manholes, and Bridge and River Crossings) as outlined in section 4 of the depreciation study report. The proposed average service life for each sub property group was changed in accordance with the life indication developed through an analysis of the Company's historical data and consideration of future expectations. The resulting proposed composite average service life of the various property groups is forty-seven (47) years, while the average service life underlying the present depreciation rate is an implicit forty-five (45) years. The future net salvage underlying the proposed depreciation rates is negative 50 percent while the future net salvage underlying the present depreciation rates is negative 60 percent. Notwithstanding the fact that both the estimated average service life was lengthen and the negative net salvage was reduced in developing the proposed depreciation rate, the resulting

rate increased. Accordingly, the ARL depreciation rate increase is being driven by the fact that the current book depreciation reserve is at a lower level than required relative to the estimated depreciation parameters and currently average age of the property groups.

The proposed depreciation rate for Account 380 – Services, increased from 5.66 percent to 8.18 percent. The proposed depreciation rate is the result of combined changes of both the average service life and net salvage parameters for the various property categories that comprise the overall plant account. Based upon the Company's actual historical plant in service data individual service life parameters were estimated for each of the primary property groups (including Steel, Plastic, and Farm and Fuel Lines) as outlined in section 4 of the depreciation study report. The proposed average service life for each sub property group was changed in accordance with the life indication developed through an analysis of the Company's historical data and consideration of future expectations. The resulting proposed composite average service life of the various property groups is an implicit forty (40) years, which is the same forty (40) year implicit average service life underlying the present implicit depreciation rate. The future net salvage underlying the proposed depreciation rates is negative two hundred (200) percent while the future net salvage underlying the present depreciation rates is negative one hundred seventy five (175) percent and is reflective of the increased level of negative net salvage being experienced by the company.

The depreciation rate relative to Account 392.20 - Transportation Equipment - Cars & Trucks decreased from 21.13 percent to 0.00 percent. The current estimated average service life is 7 years and the net salvage factor is estimated at 15 percent. The depreciation rate decrease is the product of the fact that the current plant in service investment is fully depreciated. Given the

typical shorter average service life experienced by this property class, the depreciable life, net salvage rate and resulting annual depreciation rate requires more frequent review than has previously occurred. To the extent that significant retirements of existing property investments and additions of new property investments occur in the coming intervening years (and the current fully depreciated status of the property group declines significantly) a depreciation rate of 12.14 percent (based upon the 7 year average service life and 15 percent net salvage) should be utilized until the next depreciation study is performed.

Various of the remaining account/sub-accounts experienced increases and/or declines in recommended depreciation rates to a lesser degree, as noted per Table 1 of this report. This revision in annual depreciation rates and expense is the result of both changes in the estimated service lives and salvage factors, and reflects the impact of the Company's property changes since the most recent study.

With regard to the inclusion of higher negative net salvage levels in the development of proposed depreciation rates, as noted within my discussion related to net salvage both in Section 3 of the depreciation report, the level of experienced net salvage should simply be a benchmark from which to estimate future net salvage. It is highly likely that the negative net salvage amounts experienced even recently will simply be the floor above which future negative net salvage levels will increase to a higher level. To appropriately and proportionately allocate the true total asset cost (original cost adjusted for net salvage) over its applicable service life, proper consideration must be given in each accounting period, to the total costs that are anticipated to occur relative to the Company's assets that provide customer service.

Applying the proposed depreciation rates to the Company's December 31, 2008 plant in

service produces annual depreciation/amortization expense of \$10,224,058 which is an increase of \$525,793 from current depreciation rates.

The following summary compares the present and proposed composite depreciation rates for illustrative purposes only. The Composite Depreciation Rate should not be applied to the total Company investment inasmuch as the non-proportional change in plant investment as a result of property additions or retirements would render the composite rate inappropriate. The Table 1 schedule lists the recommended annual depreciation rates for each property account.

Present Depreciation Rates

Depreciable Plant In Service at December 31, 2008	\$251,825,094
Annual Depreciation Expense	9,698,264
Composite Annual Depreciation Rate	3.85%

Proposed Depreciation Rates

Depreciable Plant In Service at December 31, 2008	\$251,825,094
Annual Depreciation Expense	10,224,058
Composite Annual Depreciation Rate	4.06%

Montana-Dakota Utilities Company
Gas Division

Summary of Original Cost of Utility Plant In Service as of December 31, 2008
and Related Annual Depreciation Expense Under Present and Proposed Rates

Account No. (a)	Description (b)	Original Cost 12/31/08 (c)	Present Rates		Proposed Plant Only Rates		Proposed Gross Salv Rates		Proposed COR Rates		Total Proposed Rates		Net Change Depr. Exp. (n)
			Rate % (d)	Annual Accrual (e)	Rate % (f)	Annual Accrual (g)	Rate % (h)	Annual Accrual (i)	Rate % (j)	Annual Accrual (k)	Rate % (l)	Annual Accrual (m)	
DEPRECIABLE PLANT													
Distribution Plant													
374.20	Rights of Way	322,677.60	0.75%	2,420.08	1.39%	4,485.22	0.00%	0.00	0.00%	0.00	1.39%	4,485.22	2,065.14
375.00	Distr. Meas & Reg Station Structures	609,311.11	2.57%	15,659.30	1.52%	9,261.53	0.18%	1,096.76	1.07%	6,519.63	2.77%	16,877.92	1,218.62
Mains													
376.10	Mains-Steel	41,975,049.45	1.92%	805,920.95	1.77%	742,958.38	0.00%	0.00	1.07%	449,133.03	2.84%	1,192,091.40	386,170.45
376.20	Mains-Plastic	63,935,958.79	1.92%	1,227,570.41	1.99%	1,272,325.58	0.00%	0.00	1.06%	677,721.16	3.05%	1,950,046.74	722,476.33
376.30	Mains-Valves	447,328.09	1.92%	8,588.70	2.29%	10,243.81	0.00%	0.00	1.25%	5,591.60	3.54%	15,835.41	7,246.71
376.40	Mains-Manholes	69,919.29	1.92%	1,342.45	1.83%	1,279.52	0.00%	0.00	1.06%	741.14	2.89%	2,020.67	678.22
376.50	Mains-Bridge & River Crossings	19,818.03	1.92%	380.51	2.06%	408.25	0.00%	0.00	1.07%	212.05	3.13%	620.30	239.79
	Total Mains	106,448,073.65	1.92%	2,043,803.02	1.90%	2,027,215.54	0.00%	0.00	1.06%	1,133,398.98	2.97%	3,160,614.52	1,116,811.50
378.00	Meas & Reg Station Equip-General	2,140,308.63	2.96%	63,353.14	2.22%	47,514.85	0.00%	0.00	0.92%	19,690.84	3.14%	67,205.69	3,852.55
379.00	Meas & Reg Station Equip-City Gate	1,028,821.89	3.54%	36,420.29	2.81%	28,909.90	0.00%	0.00	0.94%	9,670.93	3.75%	38,580.82	2,160.53
Services													
380.10	Services-Steel	7,285,187.87	5.66%	412,341.63	2.48%	180,672.66	0.00%	0.00	7.17%	522,347.97	9.65%	703,020.63	290,679.00
380.20	Services-Plastic	42,690,273.23	5.66%	2,416,269.46	2.50%	1,067,256.83	0.00%	0.00	5.41%	2,309,543.78	7.91%	3,376,800.61	960,531.15
380.30	Farm & Fuel Lines	248,640.18	5.66%	14,073.03	3.34%	8,304.58	0.00%	0.00	7.67%	19,070.70	11.01%	27,375.28	13,302.25
	Total Services	50,224,101.28	5.66%	2,842,684.12	2.50%	1,256,234.07	0.00%	0.00	5.68%	2,850,962.45	8.18%	4,107,196.52	1,264,512.40
381.00	Meters	55,172,050.24	3.19%	1,759,988.40	2.91%	1,605,506.66	0.00%	0.00	0.62%	342,066.71	3.53%	1,947,573.37	187,584.97
383.00	Service Regulators	5,555,207.98	2.59%	143,879.89	2.16%	119,992.49	-0.39%	(21,665.31)	0.00%	0.00	1.77%	98,327.18	(45,552.71)
385.00	Industrial Meas. & Reg. Station Equip	875,376.89	3.04%	26,611.46	2.43%	21,271.66	0.35%	3,063.82	0.53%	4,639.50	3.31%	28,974.98	2,363.52
MISCELLANEOUS EQUIPMENT													
386.10	Misc Property on Customers Premise	1,679.84	5.19%	87.18	2.39%	40.15	0.00%	0.00	0.00%	0.00	2.39%	40.15	(47.03)
386.20	CNG Refueling station	261,880.34	3.70%	9,689.57	0.27%	707.08	0.00%	0.00	0.00%	0.00	0.27%	707.08	(8,982.49)
386.30	CNG Lease/Demo	0.00											
	TOTAL Account 386	263,560.18	3.71%	9,776.75	0.28%	747.23	0.00%	0.00	0.00%	0.00	0.28%	747.23	(9,029.52)
OTHER EQUIPMENT													
387.10	Cathodic Protection Equipment	1,737,817.71	5.75%	99,924.52	3.21%	55,783.95	0.00%	0.00	0.00%	0.00	3.21%	55,783.95	(44,140.57)
387.20	Other Distribution Equipment	588,025.51	1.42%	8,349.96	0.99%	5,821.45	0.00%	0.00	0.00%	0.00	0.99%	5,821.45	(2,528.51)
	TOTAL Account 387	2,325,843.22	4.66%	108,274.48	2.65%	61,605.40	0.00%	0.00	0.00%	0.00	2.65%	61,605.40	(46,669.08)
	TOTAL Distribution Plant	224,965,332.67	3.14%	7,052,870.93	2.30%	5,182,744.55	-0.01%	(17,504.73)	1.94%	4,366,949.04	4.24%	9,532,188.85	2,479,317.92
General Plant													
390.00	General Structures	5,835,295.28	3.73%	217,656.51	3.09%	180,310.62	-0.04%	(2,334.12)	0.41%	23,924.71	3.46%	201,901.22	(15,755.29)
OFFICE FURNITURE & EQUIPMENT													
391.10	Office Furniture & Equipment	415,861.93	4.97%	20,668.34	6.59%	27,412.62	0.00%	0.00	0.00%	0.00	6.59%	27,412.62	6,744.28
391.30	Computer Equipment - PC	828,118.21	26.02%	215,476.36	11.28%	93,383.50	0.00%	0.00	0.00%	0.00	11.28%	93,383.50	(122,092.86)
391.50	Other Computer Equipment	53,696.84	0.00%	0.00	4.97%	2,667.08	0.00%	0.00	0.00%	0.00	4.97%	2,667.08	2,667.08
	TOTAL Account 391	1,297,676.98	18.20%	236,144.70	9.51%	123,463.20	0.00%	0.00	0.00%	0.00	9.51%	123,463.20	(112,681.50)

Montana-Dakota Utilities Company
Gas Division

Summary of Original Cost of Utility Plant in Service as of December 31, 2008
and Related Annual Depreciation Expense Under Present and Proposed Rates

Account No. (a)	Description (b)	Original Cost 12/31/08 (c)	Present Rates		Proposed Rates								Net Change Depr. Exp. (n)
			Rate % (d)	Annual Accrual (e)	Proposed Plant Only Rates		Proposed Gross Salv Rates		Proposed COR Rates		Total Proposed Rates		
					Rate % (f)	Annual Accrual (g)	Rate % (h)	Annual Accrual (i)	Rate % (j)	Annual Accrual (k)	Rate % (l)	Annual Accrual (m)	
TRANSPORTATION EQUIPMENT													
392.10	Transportation Equipment (Trailers)	397,059.69	4.36%	17,311.80	12.35%	49,036.87	-2.68%	(10,641.20)	0.00%	0.00	9.67%	38,395.67	21,083.87
392.20	Trans Equipment (Cars & Trucks)	8,775,094.21	21.13%	1,854,177.41	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	(1,854,177.41)
	TOTAL Account 392	9,172,153.90	20.40%	1,871,489.21	0.53%	49,036.87	-0.12%	(10,641.20)	0.00%	0.00	0.42%	38,395.67	(1,833,093.54)
393.00	Stores Equipment	148,282.28	2.49%	3,692.23	2.44%	3,613.53	0.00%	0.00	0.00%	0.00	2.44%	3,613.53	(78.70)
TOOLS, SHOP & GARAGE EQ.													
394.10	Tools, Shop & Garage Equip. (Non-Uni)	2,515,638.89	6.62%	166,535.29	5.65%	142,108.78	0.00%	0.00	0.00%	0.00	5.65%	142,108.78	(24,426.51)
394.30	Vehicle Maintenance Equipment	37,100.02	5.78%	2,144.38	7.12%	2,640.27	0.00%	0.00	0.00%	0.00	7.12%	2,640.27	495.89
394.40	Vehicle Refueling Equipment	26,852.90	4.72%	1,267.46	10.32%	2,772.05	0.00%	0.00	0.00%	0.00	10.32%	2,772.05	1,504.59
	TOTAL Account 394	2,579,591.81	6.59%	169,947.13	5.72%	147,521.10	0.00%	0.00	0.00%	0.00	5.72%	147,521.10	(22,426.03)
395.00	Laboratory Equipment	172,283.97	7.67%	13,214.18	6.95%	11,980.02	0.00%	0.00	0.00%	0.00	6.95%	11,980.02	(1,234.16)
POWER OPERATED EQUIPMENT													
396.10	Work Equipment (Trailers)	530,575.86	5.76%	30,561.17	10.19%	54,065.68	-4.17%	(22,125.01)	0.00%	0.00	6.02%	31,940.67	1,379.50
396.20	Power Operated Equipment	6,142,234.08	0.00%	0.00	31.72%	1,948,316.65	-30.77%	(1,889,965.43)	0.00%	0.00	0.95%	58,351.22	58,351.22
	TOTAL Account 396	6,672,809.94	0.46%	30,561.17	30.01%	2,002,382.33	-28.65%	(1,912,090.44)	0.00%	0.00	1.35%	90,291.89	59,730.72
COMMUNICATION EQUIPMENT													
397.10	Radio Communication Equip. (Fixed)	226,847.00	7.37%	16,718.62	6.07%	13,763.90	0.00%	0.00	0.00%	0.00	6.07%	13,763.90	(2,954.72)
397.20	Radio Communication Equip. (Mobile)	468,875.34	7.34%	34,415.45	4.06%	19,052.43	0.00%	0.00	0.00%	0.00	4.06%	19,052.43	(15,363.02)
397.30	General Telephone Communication Eq	56,947.69	9.88%	5,626.43	10.69%	6,089.15	0.00%	0.00	0.00%	0.00	10.69%	6,089.15	462.72
397.80	Network Equipment	172,146.81	26.26%	45,205.75	17.68%	30,435.15	0.00%	0.00	0.00%	0.00	17.68%	30,435.15	(14,770.80)
	TOTAL Account 397	924,816.84	11.03%	101,966.25	7.50%	69,340.63	0.00%	0.00	0.00%	0.00	7.50%	69,340.63	(32,625.62)
398.00	Miscellaneous Equipment	56,850.20	1.27%	722.00	9.43%	5,361.40	0.00%	0.00	0.00%	0.00	9.43%	5,361.40	4,639.40
	Sub-Total (General Plant) Amortization	5,179,502.08		525,686.49	6.98%	361,279.88	0.00%	0.00	0.00%	0.00	6.98%	361,279.88	(164,408.81)
	TOTAL General Plant	26,859,761.20	9.85%	2,645,393.38	9.65%	2,593,009.70	-7.17%	(1,925,065.76)	0.09%	23,924.71	2.58%	691,868.66	(1,953,524.72)
	TOTAL Depreciable Plant	251,825,093.87	3.85%	9,698,264.31	3.09%	7,775,754.25	-0.77%	(1,942,570.49)	1.74%	4,390,873.75	4.06%	10,224,057.51	525,793.20
NON-DEPRECIABLE PLANT													
374.1	Land (Distribution)	138,261.79											
389	Land & Land Rights (General)	1,328,891.91											
	Total Land	1,467,153.70											
INTANGIBLE PLANT													
303	Miscellaneous Intangible Plant	3,949,065.10											
	Total Intangible Plant	3,949,065.10											
	TOTAL Non-Depreciable Plant	5,416,218.80											
	TOTAL Plant in Service	257,241,312.67											

**Montana-Dakota Utilities Company
Gas Division**

Summary of Book Depreciation Reserve by Recovery Component as of December 31, 2008

Account No.	Description	Original Cost 12/31/08	Total Book Depr Reserve 12/31/08	Cost of Removal In Book Res.	Gross Salvage In Book Res.	Plant Only Depr Reserve 12/31/08
(a)	(b)	(c)	(g)	(h)	(i)	(j)
DEPRECIABLE PLANT						
Distribution Plant						
374.20	Rights of Way	322,677.60	67,017.62	0.00	0.00	67,017.62
375.00	Distr. Meas & Reg Station Structures	609,311.11	356,503.11	88,819.63	(35,226.21)	302,909.69
Mains						
376.10	Mains-Steel	41,975,049.45	36,466,142.85	11,014,795.39	643.84	25,450,703.62
376.20	Mains-Plastic	63,935,958.79	30,608,794.32	9,245,551.63	540.42	21,362,702.26
376.30	Mains-Valves	447,328.09	257,220.39	77,694.81	4.54	179,521.04
376.40	Mains-Manholes	69,919.29	55,146.20	16,657.21	0.97	38,488.02
376.50	Mains-Bridge & River Crossings	19,818.03	6,022.66	1,819.18	0.11	4,203.37
	Total Mains	106,448,073.65	67,393,326.41	20,356,518.22	1,189.88	47,035,618.31
378.00	Meas & Reg Station Equip-General	2,140,308.63	934,403.43	99,663.22	0.00	834,740.21
379.00	Meas & Reg Station Equip-City Gate	1,028,821.89	566,306.49	0.00	0.00	566,306.49
Services						
380.10	Services-Steel	7,285,187.87	12,429,968.14	7,570,293.69	249.91	4,859,424.53
380.20	Services-Plastic	42,690,273.23	30,149,319.03	18,362,010.04	606.17	11,786,702.82
380.30	Farm & Fuel Lines	248,640.18	256,290.49	156,090.04	5.15	100,195.29
	Total Services	50,224,101.28	42,835,577.66	26,088,393.78	861.24	16,746,322.64
381.00	Meters	55,172,050.24	16,541,851.01	0.00	0.00	16,541,851.01
383.00	Service Regulators	5,555,207.98	2,508,676.39	0.00	0.00	2,508,676.39
385.00	Industrial Meas. & Reg. Station Equipment	875,376.89	332,350.79	23,704.62	(71,113.80)	379,759.97
MISCELLANEOUS EQUIPMENT						
386.10	Misc Property on Customers Premise	1,679.84	1,474.70	0.00	0.00	1,474.70
386.20	CNG Refueling station	261,880.34	259,586.77	0.00	0.00	259,586.77
386.30	CNG Lease/Demo	0.00	26,496.25	0.00	0.00	26,496.25
	TOTAL Account 386	263,560.18	287,557.72	0.00	0.00	287,557.72
OTHER EQUIPMENT						
387.10	Cathodic Protection Equipment	1,737,817.71	1,180,475.15	0.00	0.00	1,180,475.15
387.20	Other Distribution Equipment	588,025.51	507,918.50	0.00	0.00	507,918.50
	TOTAL Account 387	2,325,843.22	1,688,393.65	0.00	0.00	1,688,393.65
	TOTAL Distribution Plant	224,965,332.67	133,511,964.28	46,657,099.47	(104,288.89)	86,959,153.70
General Plant						
390.00	General Structures	5,835,295.28	1,988,707.89	53,975.67	47,546.19	1,887,186.03
OFFICE FURNITURE & EQUIPMENT						
391.10	Office Furniture & Equipment	415,861.93	179,231.41	0.00	0.00	179,231.41
391.30	Computer Equipment - PC	828,118.21	823,565.05	0.00	0.00	823,565.05
391.50	Other Computer Equipment	53,696.84	8,767.81	0.00	0.00	8,767.81
	TOTAL Account 391	1,297,676.98	1,011,564.27	0.00	0.00	1,011,564.27

**Montana-Dakota Utilities Company
Gas Division**

Summary of Book Depreciation Reserve by Recovery Component as of December 31, 2008

Account No.	Description	Original Cost 12/31/08	Total Book Depr Reserve 12/31/08	Cost of Removal In Book Res.	Gross Salvage In Book Res.	Plant Only Depr Reserve 12/31/08
(a)	(b)	(c)	(g)	(h)	(i)	(j)
TRANSPORTATION EQUIPMENT						
392.10	Transportation Equipment (Trailers)	397,059.69	122,493.27	0.00	0.00	122,493.27
392.20	Transportation Equipment (Cars & Trucks)	8,775,094.21	7,366,984.18	0.00	0.00	7,366,984.18
	TOTAL Account 392	9,172,153.90	7,489,477.45	0.00	0.00	7,489,477.45
393.00	Stores Equipment	148,282.28	88,443.55	0.00	0.00	88,443.55
TOOLS, SHOP & GARAGE EQ.						
394.10	Tools, Shop & Garage Equip. (Non-Unitized)	2,515,638.89	1,124,846.96	0.00	0.00	1,124,846.96
394.30	Vehicle Maintenance Equipment	37,100.02	23,917.83	0.00	0.00	23,917.83
394.40	Vehicle Refueling Equipment	26,852.90	16,795.80	0.00	0.00	16,795.80
	TOTAL Account 394	2,579,591.81	1,165,560.59	0.00	0.00	1,165,560.59
395.00	Laboratory Equipment	172,283.97	24,442.45	0.00	0.00	24,442.45
POWER OPERATED EQUIPMENT						
396.10	Work Equipment (Trailers)	530,575.86	271,074.35	0.00	0.00	271,074.35
396.20	Power Operated Equipment	6,142,234.08	1,077,130.72	0.00	0.00	1,077,130.72
	TOTAL Account 396	6,672,809.94	1,348,205.07	0.00	0.00	1,348,205.07
COMMUNICATION EQUIPMENT						
397.10	Radio Communication Equip. (Fixed)	226,847.00	117,179.40	0.00	0.00	117,179.40
397.20	Radio Communication Equip. (Mobile)	468,875.34	274,608.16	0.00	0.00	274,608.16
397.30	General Telephone Communication Equip.	58,947.69	24,756.98	0.00	0.00	24,756.98
397.80	Network Equipment	172,146.81	52,766.76	0.00	0.00	52,766.76
	TOTAL Account 397	924,816.84	469,311.30	0.00	0.00	469,311.30
398.00	Miscellaneous Equipment	56,850.20	(5,285.64)	0.00	0.00	(5,285.64)
	Sub-Total (General Plant) Amortization	5,179,502.08	2,754,036.52	0.00	0.00	2,754,036.52
	TOTAL General Plant	26,859,761.20	13,580,426.93	53,975.67	47,546.19	13,478,905.07
	TOTAL Depreciable Plant	251,825,093.87	147,092,391.21	46,711,075.14	(56,742.70)	100,438,058.77
NON-DEPRECIABLE PLANT						
374.1	Land (Distribution)	138,261.79	0.00			
389	Land & Land Rights (General)	1,328,891.91	0.00			
	Total Land	1,467,153.70	0.00			
INTANGIBLE PLANT						
303	Miscellaneous Intangible Plant	3,949,065.10	503,426.57			
	Total Intangible Plant	3,949,065.10	503,426.57			
	TOTAL Non-Depreciable Plant	5,416,218.80	503,426.57			
	TOTAL Plant in Service	257,241,312.67	147,595,817.78			

Table 2 - Plant Only

Montana-Dakota Utilities Company
Gas Division

**Summary of Original Cost of Utility Plant in Service and Calculation of
Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of
Book Depreciation Reserve and Average Remaining Lives as of December 31, 2008**

Account No. (a)	Description (b)	Original Cost 12/31/08 (c)	Estimated Future Net Salvage % (d)	Amount (e)	Original Cost Less Salvage (f)	Book Depreciation Reserve (g)	Net Original Cost Less Salvage (h)	A.S.L./ Survivor Curve (i)	Average Remaining Life (j)	Annual Depreciation Accrual (k)	Annual Depreciation Rate (l)
DEPRECIABLE PLANT											
Distribution Plant											
374.20	Rights of Way	322,677.60	0%	0.00	322,677.60	67,017.62	255,659.98	65-R3	57.2	4,469.58	1.39%
375.00	Distr. Meas & Reg Station Structures	609,311.11	0%	0.00	609,311.11	302,909.69	306,401.42	60-R3	33.0	9,284.89	1.52%
Mains											
376.10	Mains-Steel	41,975,049.45	0%	0.00	41,975,049.45	25,450,703.62	16,524,345.83	47-R4	22.3	741,002.06	1.77%
376.20	Mains-Plastic	63,935,958.79	0%	0.00	63,935,958.79	21,362,702.26	42,573,256.53	47-R4	33.4	1,274,648.40	1.99%
376.30	Mains-Valves	447,328.09	0%	0.00	447,328.09	179,521.04	267,807.05	40-R2.5	26.1	10,260.81	2.29%
376.40	Mains-Manholes	69,919.29	0%	0.00	69,919.29	38,488.02	31,431.27	47-R4	24.6	1,277.69	1.83%
376.50	Mains-Bridge & River Crossings	19,818.03	0%	0.00	19,818.03	4,203.37	15,614.66	47-R4	38.3	407.69	2.06%
	Total Mains	106,448,073.65		0.00	106,448,073.65	47,035,618.31	59,412,455.34			2,027,596.65	1.90%
378.00	Meas & Reg Station Equip-General	2,140,308.63	0%	0.00	2,140,308.63	834,740.21	1,305,568.42	40-R2	27.5	47,475.22	2.22%
379.00	Meas & Reg Station Equip-City Gate	1,028,821.89	0%	0.00	1,028,821.89	566,306.49	462,515.40	27-L0	16.0	28,907.21	2.81%
Services											
380.10	Services-Steel	7,285,187.87	0%	0.00	7,285,187.87	4,859,424.53	2,425,763.34	40-R3	13.4	181,027.11	2.48%
380.20	Services-Plastic	42,690,273.23	0%	0.00	42,690,273.23	11,786,702.82	30,903,570.41	40-R3	29.0	1,065,640.36	2.50%
380.30	Farm & Fuel Lines	248,640.18	0%	0.00	248,640.18	100,195.29	148,444.89	30-R1.5	17.9	8,293.01	3.34%
	Total Services	50,224,101.28		0.00	50,224,101.28	16,746,322.64	33,477,778.64			1,254,960.48	2.50%
381.00	Meters	55,172,050.24	0%	0.00	55,172,050.24	16,541,851.01	38,630,199.23	35-R4	24.1	1,602,912.83	2.91%
383.00	Service Regulators	5,555,207.98	0%	0.00	5,555,207.98	2,508,676.39	3,046,531.59	40-R2	25.4	119,942.19	2.16%
385.00	Industrial Meas. & Reg. Station Equipment	875,376.89	0%	0.00	875,376.89	379,759.97	495,616.92	35-R2	23.3	21,271.11	2.43%
MISCELLANEOUS EQUIPMENT											
386.10	Miscellaneous Property on Customers Premise	1,679.84	0%	0.00	1,679.84	1,474.70	205.14	15-R3	5.1	40.22	2.39%
386.20	CNG Refueling station	261,880.34	0%	0.00	261,880.34	259,586.77	2,293.57	15R-3	3.3	695.02	0.27%
386.30	CNG Lease/Demo	0.00	0%	0.00	0.00	26,496.25	-26,496.25	0	0.0	0.00	0.00%
	TOTAL Account 386	263,560.18		0.00	263,560.18	287,557.72	-23,997.54			735.24	0.28%
OTHER EQUIPMENT											
387.10	Cathodic Protection Equipment	1,737,817.71	0%	0.00	1,737,817.71	1,180,475.15	557,342.56	20-R1.5	10.0	55,734.26	3.21%
387.20	Other Distribution Equipment	588,025.51	0%	0.00	588,025.51	507,918.50	80,107.01	25-R3	13.8	5,804.86	0.99%
	TOTAL Account 387	2,325,843.22		0.00	2,325,843.22	1,688,393.65	637,449.57			61,539.11	2.65%
	TOTAL Distribution Plant	224,965,332.67		0.00	224,965,332.67	86,959,153.70	138,006,178.97			5,179,094.52	2.30%
General Plant											
390.00	General Structures	5,835,295.28	0%	0.00	5,835,295.28	1,887,186.03	3,948,109.25	31-R4	21.9	180,278.96	3.09%

Table 2 - Plant Only

Montana-Dakota Utilities Company
Gas Division

**Summary of Original Cost of Utility Plant in Service and Calculation of
Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of
Book Depreciation Reserve and Average Remaining Lives as of December 31, 2008**

Account No.	Description	Original Cost 12/31/08	Estimated Future Net Salvage %	Estimated Future Net Salvage Amount	Original Cost Less Salvage	Book Depreciation Reserve	Net Original Cost Less Salvage	A.S.L./ Survivor Curve	Average Remaining Life	Annual Depreciation Accrual	Annual Depreciation Rate
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
OFFICE FURNITURE & EQUIPMENT											
391.10	Office Furniture & Equipment	415,861.93	0%	0.00	415,861.93	179,231.41	236,630.52	15-R1	N/A	27,412.62	6.59% *
391.30	Computer Equipment - PC	828,118.21	0%	0.00	828,118.21	823,565.05	4,553.16	5-R2	N/A	93,383.50	11.28% *
391.50	Other Computer Equipment	53,696.84	0%	0.00	53,696.84	8,767.81	44,929.03	5-R2	N/A	2,667.08	4.97% *
	TOTAL Account 391	1,297,676.98		0.00	1,297,676.98	1,011,564.27	286,112.71			123,463.20	9.51%
TRANSPORTATION EQUIPMENT											
392.10	Transportation Equipment (Trailers)	397,059.69	0%	0.00	397,059.69	122,493.27	274,566.42	8-R0.5	5.6	49,029.72	12.35%
392.20	Transportation Equipment (Cars & Trucks)	8,775,094.21	0%	0.00	8,775,094.21	7,366,984.18	1,408,110.03	7-R3	3.5	0.00	0.00%
	TOTAL Account 392	9,172,153.90		0.00	9,172,153.90	7,489,477.45	1,682,676.45			49,029.72	0.53%
393.00	Stores Equipment	148,282.28	0%	0.00	148,282.28	88,443.55	59,838.73	35-R3	N/A	3,613.53	2.44% *
TOOLS, SHOP & GARAGE EQ.											
394.10	Tools, Shop & Garage Equip. (Non-Unitized)	2,515,638.89	0%	0.00	2,515,638.89	1,124,846.96	1,390,791.93	18-R1.5	N/A	142,108.78	5.65% *
394.30	Vehicle Maintenance Equipment	37,100.02	0%	0.00	37,100.02	23,917.83	13,182.19	20-R3	N/A	2,640.27	7.12% *
394.40	Vehicle Refueling Equipment	26,852.90	0%	0.00	26,852.90	16,795.80	10,057.10	15-R3	N/A	2,772.05	10.32% *
	TOTAL Account 394	2,579,591.81		0.00	2,579,591.81	1,165,560.59	1,414,031.22			147,521.10	5.72%
395.00	Laboratory Equipment	172,283.97	0%	0.00	172,283.97	24,442.45	147,841.52	20-R2	N/A	11,980.02	6.95% *
POWER OPERATED EQUIPMENT											
396.10	Work Equipment (Trailers)	530,575.86	0%	0.00	530,575.86	271,074.35	259,501.51	10-R2	4.8	54,062.81	10.19%
396.20	Power Operated Equipment	6,142,234.08	0%	0.00	6,142,234.08	1,077,130.72	5,065,103.36	4-L1	2.8	1,948,116.68	31.72%
	TOTAL Account 396	6,672,809.94		0.00	6,672,809.94	1,348,205.07	5,324,604.87			2,002,179.49	30.01%
COMMUNICATION EQUIPMENT											
397.10	Radio Communication Equip. (Fixed)	226,847.00	0%	0.00	226,847.00	117,179.40	109,667.60	15-R3	N/A	13,763.90	6.07% *
397.20	Radio Communication Equip. (Mobile)	468,875.34	0%	0.00	468,875.34	274,608.16	194,267.18	15-R3	N/A	19,052.43	4.06% *
397.30	General Telephone Communication Equip.	56,947.69	0%	0.00	56,947.69	24,756.98	32,190.71	10-R1	N/A	6,089.15	10.69% *
397.80	Network Equipment	172,146.81	0%	0.00	172,146.81	52,766.76	119,380.05	5-R3	N/A	30,435.15	17.68% *
	TOTAL Account 397	924,816.84		0.00	924,816.84	469,311.30	455,505.54			69,340.63	7.50%
398.00	Miscellaneous Equipment	56,850.20	0%	0.00	56,850.20	(5,285.64)	62,135.84	20-R2	N/A	5,361.40	9.43% *
	Sub-Total (General Plant) Amortization	5,179,502.08		0.00	5,179,502.08	2,754,036.52	2,425,465.56			361,279.89	6.98%
	TOTAL General Plant	26,859,761.20		0.00	26,859,761.20	13,478,905.07	13,380,856.13			2,592,768.06	9.65%
	TOTAL Depreciable Plant	251,825,093.87		0.00	251,825,093.87	100,438,058.77	151,387,035.10			7,771,862.58	3.09%

Table 2 - Plant Only

Montana-Dakota Utilities Company
Gas Division

**Summary of Original Cost of Utility Plant in Service and Calculation of
Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of
Book Depreciation Reserve and Average Remaining Lives as of December 31, 2008**

Account No. (a)	Description (b)	Original Cost 12/31/08 (c)	Estimated Future Net Salvage		Original Cost Less Salvage (f)	Book Depreciation Reserve (g)	Net Original Cost Less Salvage (h)	A.S.L./ Survivor Curve (i)	Average Remaining Life (j)	Annual Depreciation Accrual (k)	Annual Depreciation Rate (l)
			% (d)	Amount (e)							
NON-DEPRECIABLE PLANT											
374.1	Land (Distribution)	138,261.79									
389	Land & Land Rights (General)	1,328,891.91									
	Total Land	1,467,153.70									
INTANGIBLE PLANT											
303	Miscellaneous Intangible Plant	3,949,065.10									
	Total Intangible Plant	3,949,065.10									
	TOTAL Non-Depreciable Plant	5,416,218.80									
	TOTAL Plant in Service	257,241,312.67									

* Used Proposed Study Amortization Rates.

Table 2 - Gross Salvage

Montana-Dakota Utilities Company
Gas Division

Summary of Original Cost of Utility Plant in Service and Calculation of
Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of
Book Depreciation Reserve and Average Remaining Lives as of December 31, 2008

Account No.	Description	Original Cost 12/31/08	Estimated Future Net Salvage		Original Cost Less Salvage	Book Depreciation Reserve	Net Original Cost Less Salvage	A.S.L./ Survivor Curve	Average Remaining Life	Annual Depreciation Accrual	Annual Depreciation Rate
			%	Amount							
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
DEPRECIABLE PLANT											
Distribution Plant											
374.20	Rights of Way	322,677.60	0%	0.00	322,677.60	0.00	0.00	65-R3	57.2	0.00	0.00%
375.00	Distr. Meas & Reg Station Structures	609,311.11	0%	0.00	609,311.11	(35,226.21)	35,226.21	60-R3	33.0	1,067.46	0.18%
Mains											
376.10	Mains-Steel	41,975,049.45	0%	0.00	41,975,049.45	643.84	(643.84)	47-R4	22.3	(28.87)	0.00%
376.20	Mains-Plastic	63,935,958.79	0%	0.00	63,935,958.79	540.42	(540.42)	47-R4	33.4	(16.18)	0.00%
376.30	Mains-Valves	447,328.09	0%	0.00	447,328.09	4.54	(4.54)	40-R2.5	26.1	(0.17)	0.00%
376.40	Mains-Manholes	69,919.29	0%	0.00	69,919.29	0.97	(0.97)	47-R4	24.6	(0.04)	0.00%
376.50	Mains-Bridge & River Crossings	19,818.03	0%	0.00	19,818.03	0.11	(0.11)	47-R4	38.3	(0.00)	0.00%
	Total Mains	106,448,073.65		0.00	106,448,073.65	1,189.88	(1,189.88)			(45.27)	0.00%
378.00	Meas & Reg Station Equip-General	2,140,308.63	0%	0.00	2,140,308.63	0.00	0.00	40-R2	27.5	0.00	0.00%
379.00	Meas & Reg Station Equip-City Gate	1,028,821.89	0%	0.00	1,028,821.89	0.00	0.00	27-L0	16.0	0.00	0.00%
Services											
380.10	Services-Steel	7,285,187.87	0%	0.00	7,285,187.87	249.91	(249.91)	40-R3	13.4	(18.65)	0.00%
380.20	Services-Plastic	42,690,273.23	0%	0.00	42,690,273.23	606.17	(606.17)	40-R3	29.0	(20.90)	0.00%
380.30	Farm & Fuel Lines	248,640.18	0%	0.00	248,640.18	5.15	(5.15)	30-R1.5	17.9	(0.29)	0.00%
	Total Services	50,224,101.28		0.00	50,224,101.28	861.24	(861.24)			(39.84)	0.00%
381.00	Meters	55,172,050.24	0%	0.00	55,172,050.24	0.00	0.00	35-R4	24.1	0.00	0.00%
383.00	Service Regulators	5,555,207.98	10%	555,520.80	4,999,687.18	0.00	(555,520.80)	40-R2	25.4	(21,870.90)	-0.39%
385.00	Industrial Meas. & Reg. Station Equipment	875,376.89	0%	0.00	875,376.89	(71,113.80)	71,113.80	35-R2	23.3	3,052.09	0.35%
MISCELLANEOUS EQUIPMENT											
386.10	Miscellaneous Property on Customers Prerr	1,679.84	0%	0.00	1,679.84	0.00	0.00	15-R3	5.1	0.00	0.00%
386.20	CNG Refueling station	261,880.34	0%	0.00	261,880.34	0.00	0.00	15R-3	3.3	0.00	0.00%
386.30	CNG Lease/Demo	0.00	0%	0.00	0.00	0.00	0.00	0.0	0.0	0.00	0.00%
	TOTAL Account 386	263,560.18		0.00	263,560.18	0.00	0.00			0.00	0.00%
OTHER EQUIPMENT											
387.10	Cathodic Protection Equipment	1,737,817.71	0%	0.00	1,737,817.71	0.00	0.00	20-R1.5	10.0	0.00	0.00%
387.20	Other Distribution Equipment	588,025.51	0%	0.00	588,025.51	0.00	0.00	25-R3	13.8	0.00	0.00%
	TOTAL Account 387	2,325,843.22		0.00	2,325,843.22	0.00	0.00			0.00	0.00%
	TOTAL Distribution Plant	224,965,332.67		555,520.80	224,409,811.87	(104,288.89)	(451,231.91)			(17,836.45)	-0.01%

Table 2 - Gross Salvage

Montana-Dakota Utilities Company
Gas Division

**Summary of Original Cost of Utility Plant In Service and Calculation of
Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of
Book Depreciation Reserve and Average Remaining Lives as of December 31, 2008**

Account No.	Description	Original	Estimated Future		Original	Book	Net Original	A.S.L./	Average	Annual	Annual
		Cost 12/31/08	%	Amount	Cost Less Salvage	Depreciation Reserve	Cost Less Salvage	Survivor Curve	Remaining Life	Depreciation Accrual	Depreciation Rate
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
General Plant											
390.00	General Structures	5,835,295.28	0%	0.00	5,835,295.28	47,546.19	(47,546.19)	31-R4	21.9	(2,171.06)	-0.04%
OFFICE FURNITURE & EQUIPMENT											
391.10	Office Furniture & Equipment	415,861.93	0%	0.00	415,861.93	0.00	0.00	15-R1	N/A	0.00	0.00% *
391.30	Computer Equipment - PC	828,118.21	0%	0.00	828,118.21	0.00	0.00	5-R2	N/A	0.00	0.00% *
391.50	Other Computer Equipment	53,696.84	0%	0.00	53,696.84	0.00	0.00	5-R2	N/A	0.00	0.00% *
	TOTAL Account 391	1,297,676.98		0.00	1,297,676.98	0.00	0.00			0.00	0.00%
TRANSPORTATION EQUIPMENT											
392.10	Transportation Equipment (Trailers)	397,059.69	15%	59,558.95	337,500.74	0.00	(59,558.95)	8-R0.5	5.6	(10,635.53)	-2.68%
392.20	Transportation Equipment (Cars & Trucks)	8,775,094.21	20%	1,755,018.84	7,020,075.37	0.00	(1,755,018.84)	7-R3	3.5	0.00	0.00%
	TOTAL Account 392	9,172,153.90		1,814,577.79	7,357,576.11	0.00	(1,814,577.79)			(10,635.53)	-0.12%
393.00	Stores Equipment	148,282.28	0%	0.00	148,282.28	0.00	0.00	35-R3	N/A	0.00	0.00% *
TOOLS, SHOP & GARAGE EQ.											
394.10	Tools, Shop & Garage Equip. (Non-Unitized)	2,515,638.89	0%	0.00	2,515,638.89	0.00	0.00	18-R1.5	N/A	0.00	0.00% *
394.30	Vehicle Maintenance Equipment	37,100.02	0%	0.00	37,100.02	0.00	0.00	20-R3	N/A	0.00	0.00% *
394.40	Vehicle Refueling Equipment	26,852.90	0%	0.00	26,852.90	0.00	0.00	15-R3	N/A	0.00	0.00% *
	TOTAL Account 394	2,579,591.81		0.00	2,579,591.81	0.00	0.00			0.00	0.00%
395.00	Laboratory Equipment	172,283.97	0%	0.00	172,283.97	0.00	0.00	20-R2	N/A	0.00	0.00% *
POWER OPERATED EQUIPMENT											
396.10	Work Equipment (Trailers)	530,575.86	20%	106,115.17	424,460.69	0.00	(106,115.17)	10-R2	4.8	(22,107.33)	-4.17%
396.20	Power Operated Equipment	6,142,234.08	80%	4,913,787.26	1,228,446.82	0.00	(4,913,787.26)	4-L1	2.6	(1,889,918.18)	-30.77%
	TOTAL Account 396	6,672,809.94		5,019,902.43	1,652,907.51	0.00	(5,019,902.43)			(1,912,025.50)	-28.65%
COMMUNICATION EQUIPMENT											
397.10	Radio Communication Equip. (Fixed)	226,847.00	0%	0.00	226,847.00	0.00	0.00	15-R3	N/A	0.00	0.00% *
397.20	Radio Communication Equip. (Mobile)	468,875.34	0%	0.00	468,875.34	0.00	0.00	15-R3	N/A	0.00	0.00% *
397.30	General Telephone Communication Equip.	56,947.69	0%	0.00	56,947.69	0.00	0.00	10-R1	N/A	0.00	0.00% *
397.80	Network Equipment	172,146.81	0%	0.00	172,146.81	0.00	0.00	5-R3	N/A	0.00	0.00% *
	TOTAL Account 397	924,816.84		0.00	924,816.84	0.00	0.00			0.00	0.00%
398.00	Miscellaneous Equipment	56,850.20	0%	0.00	56,850.20	0.00	0.00	20-R2	N/A	0.00	0.00% *
	Sub-Total (General Plant) Amortization	5,179,502.08		0.00	5,179,502.08	0.00	0.00			0.00	0.00%
	TOTAL General Plant	26,859,761.20		6,834,480.22	20,025,280.98	47,546.19	(6,882,026.41)			(1,924,832.09)	-7.17%
	TOTAL Depreciable Plant	251,825,093.87		7,390,001.02	244,435,092.85	(56,742.70)	(7,333,258.32)			(1,942,668.54)	-0.77%

Montana-Dakota Utilities Company
Gas Division

Table 2 - Gross Salvage

**Summary of Original Cost of Utility Plant in Service and Calculation of
Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of
Book Depreciation Reserve and Average Remaining Lives as of December 31, 2008**

Account No. (a)	Description (b)	Original Cost 12/31/08 (c)	Estimated Future Net Salvage		Original Cost Less Salvage (f)	Book Depreciation Reserve (g)	Net Original Cost Less Salvage (h)	A.S.L./ Survivor Curve (i)	Average Remaining Life (j)	Annual Depreciation Accrual (k)	Annual Depreciation Rate (l)
			% (d)	Amount (e)							
NON-DEPRECIABLE PLANT											
374.1	Land (Distribution)	138,261.79									
389	Land & Land Rights (General)	1,328,891.91									
	Total Land	1,467,153.70									
INTANGIBLE PLANT											
303	Miscellaneous Intangible Plant	3,949,065.10									
	Total Intangible Plant	3,949,065.10									
	TOTAL Non-Depreciable Plant	5,416,218.80									
	TOTAL Plant in Service	257,241,312.67									

* Used Proposed Study Amortization Rates.

Table 2 - COR

Montana-Dakota Utilities Company
Gas Division

**Summary of Original Cost of Utility Plant in Service and Calculation of
Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of
Book Depreciation Reserve and Average Remaining Lives as of December 31, 2008**

Account No.	Description	Original Cost 12/31/08	Estimated Future Net Salvage %	Estimated Future Net Salvage Amount	Original Cost Less Salvage	Book Depreciation Reserve	Net Original Cost Less Salvage	A.S.L./Survivor Curve	Average Remaining Life	Annual Depreciation Accrual	Annual Depreciation Rate
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
DEPRECIABLE PLANT											
Distribution Plant											
374.20	Rights of Way	322,677.60	0%	0.00	322,677.60	0.00	0.00	65-R3	57.2	0.00	0.00%
375.00	Distr. Meas & Reg Station Structures	609,311.11	-50%	(304,655.56)	913,966.67	88,819.63	215,835.93	60-R3	33.0	6,540.48	1.07%
Mains											
376.10	Mains-Steel	41,975,049.45	-50%	(20,987,524.73)	62,962,574.18	11,014,795.39	9,972,729.34	47-R4	22.3	447,207.59	1.07%
376.20	Mains-Plastic	63,935,958.79	-50%	(31,967,979.40)	95,903,938.19	9,245,551.63	22,722,427.77	47-R4	33.4	680,312.21	1.06%
376.30	Mains-Valves	447,328.09	-50%	(223,664.05)	670,992.14	77,694.81	145,969.24	40-R2.5	26.1	5,592.69	1.25%
376.40	Mains-Manholes	69,919.29	-50%	(34,959.65)	104,878.94	16,657.21	18,302.44	47-R4	24.6	744.00	1.06%
376.50	Mains-Bridge & River Crossings	19,818.03	-50%	(9,909.02)	29,727.05	1,819.18	8,089.84	47-R4	38.3	211.22	1.07%
	Total Mains	106,448,073.65		(53,224,036.85)	159,672,110.50	20,356,518.22	32,867,518.63			1,134,067.72	1.07%
378.00	Meas & Reg Station Equip-General	2,140,308.63	-30%	(642,092.59)	2,782,401.22	99,663.22	542,429.37	40-R2	27.5	19,724.70	0.92%
379.00	Meas & Reg Station Equip-City Gate	1,028,821.89	-15%	(154,323.28)	1,183,145.17	0.00	154,323.28	27-L0	16.0	9,645.21	0.94%
Services											
380.10	Services-Steel	7,285,187.87	-200%	(14,570,375.74)	21,855,563.61	7,570,293.69	7,000,082.05	40-R3	13.4	522,394.18	7.17%
380.20	Services-Plastic	42,690,273.23	-200%	(85,380,546.46)	128,070,819.69	18,362,010.04	67,018,536.42	40-R3	29.0	2,310,984.01	5.41%
380.30	Farm & Fuel Lines	248,640.18	-200%	(497,280.36)	745,920.54	156,090.04	341,190.32	30-R1.5	17.9	19,060.91	7.67%
	Total Services	50,224,101.28		(100,448,202.56)	150,672,303.84	26,088,393.78	74,359,808.78			2,852,439.11	5.68%
381.00	Meters	55,172,050.24	-15%	(8,275,807.54)	63,447,857.78	0.00	8,275,807.54	35-R4	24.1	343,394.50	0.62%
383.00	Service Regulators	5,555,207.98	0%	0.00	5,555,207.98	0.00	0.00	40-R2	25.4	0.00	0.00%
385.00	Industrial Meas. & Reg. Station Equipment	875,376.89	-15%	(131,306.53)	1,006,683.42	23,704.62	107,601.91	35-R2	23.3	4,618.11	0.53%
MISCELLANEOUS EQUIPMENT											
386.10	Miscellaneous Property on Customers Premise	1,679.84	0%	0.00	1,679.84	0.00	0.00	15-R3	5.1	0.00	0.00%
386.20	CNG Refueling station	261,880.34	0%	0.00	261,880.34	0.00	0.00	15R-3	3.3	0.00	0.00%
386.30	CNG Lease/Demo	0.00	0%	0.00	0.00	0.00	0.00		0.0	0.00	0.00%
	TOTAL Account 386	263,560.18		0.00	263,560.18	0.00	0.00			0.00	0.00%
OTHER EQUIPMENT											
387.10	Cathodic Protection Equipment	1,737,817.71	0%	0.00	1,737,817.71	0.00	0.00	20-R1.5	10.0	0.00	0.00%
387.20	Other Distribution Equipment	588,025.51	0%	0.00	588,025.51	0.00	0.00	25-R3	13.8	0.00	0.00%
	TOTAL Account 387	2,325,843.22		0.00	2,325,843.22	0.00	0.00			0.00	0.00%
	TOTAL Distribution Plant	224,965,332.67		(163,180,424.91)	388,145,757.58	46,657,099.47	116,523,325.44			4,370,429.83	1.94%
General Plant											
390.00	General Structures	5,835,295.28	-10%	(583,529.53)	6,418,824.81	53,975.67	529,553.86	31-R4	21.9	24,180.54	0.41%

Table 2 - COR

Montana-Dakota Utilities Company
Gas Division

**Summary of Original Cost of Utility Plant in Service and Calculation of
Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of
Book Depreciation Reserve and Average Remaining Lives as of December 31, 2008**

Account No. (a)	Description (b)	Original Cost 12/31/08 (c)	Estimated Future Net Salvage (d) (e)		Original Cost Less Salvage (f)	Book Depreciation Reserve (g)	Net Original Cost Less Salvage (h)	A.S.L./ Survivor Curve (i)	Average Remaining Life (j)	Annual Depreciation Accrual (k)	Annual Depreciation Rate (l)
			%	Amount							
OFFICE FURNITURE & EQUIPMENT											
391.10	Office Furniture & Equipment	415,861.93	0%	0.00	415,861.93	0.00	0.00	15-R1	N/A	0.00	0.00%
391.30	Computer Equipment - PC	828,118.21	0%	0.00	828,118.21	0.00	0.00	5-R2	N/A	0.00	0.00%
391.50	Other Computer Equipment	53,696.84	0%	0.00	53,696.84	0.00	0.00	5-R2	N/A	0.00	0.00%
	TOTAL Account 391	1,297,676.98		0.00	1,297,676.98	0.00	0.00			0.00	0.00%
TRANSPORTATION EQUIPMENT											
392.10	Transportation Equipment (Trailers)	397,059.69	0%	0.00	397,059.69	0.00	0.00	8-R0.5	5.6	0.00	0.00%
392.20	Transportation Equipment (Cars & Trucks)	8,775,094.21	0%	0.00	8,775,094.21	0.00	0.00	7-R3	3.5	0.00	0.00%
	TOTAL Account 392	9,172,153.90		0.00	9,172,153.90	0.00	0.00			0.00	0.00%
393.00	Stores Equipment	148,282.28	0%	0.00	148,282.28	0.00	0.00	35-R3	N/A	0.00	0.00%
TOOLS, SHOP & GARAGE EQ.											
394.10	Tools, Shop & Garage Equip. (Non-Unitized)	2,515,638.89	0%	0.00	2,515,638.89	0.00	0.00	18-R1.5	N/A	0.00	0.00%
394.30	Vehicle Maintenance Equipment	37,100.02	0%	0.00	37,100.02	0.00	0.00	20-R3	N/A	0.00	0.00%
394.40	Vehicle Refueling Equipment	26,852.90	0%	0.00	26,852.90	0.00	0.00	15-R3	N/A	0.00	0.00%
	TOTAL Account 394	2,579,591.81		0.00	2,727,874.09	0.00	0.00			0.00	0.00%
395.00	Laboratory Equipment	172,283.97	0%	0.00	172,283.97	0.00	0.00	20-R2	N/A	0.00	0.00%
POWER OPERATED EQUIPMENT											
396.10	Work Equipment (Trailers)	530,575.86	0%	0.00	530,575.86	0.00	0.00	10-R2	4.8	0.00	0.00%
396.20	Power Operated Equipment	6,142,234.08	0%	0.00	6,142,234.08	0.00	0.00	4-L1	2.6	0.00	0.00%
	TOTAL Account 396	6,672,809.94		0.00	6,672,809.94	0.00	0.00			0.00	0.00%
COMMUNICATION EQUIPMENT											
397.10	Radio Communication Equip. (Fixed)	226,847.00	0%	0.00	226,847.00	0.00	0.00	15-R3	N/A	0.00	0.00%
397.20	Radio Communication Equip. (Mobile)	468,875.34	0%	0.00	468,875.34	0.00	0.00	15-R3	N/A	0.00	0.00%
397.30	General Telephone Communication Equip.	56,947.69	0%	0.00	56,947.69	0.00	0.00	10-R1	N/A	0.00	0.00%
397.80	Network Equipment	172,146.81	0%	0.00	172,146.81	0.00	0.00	5-R3	N/A	0.00	0.00%
	TOTAL Account 397	924,816.84		0.00	924,816.84	0.00	0.00			0.00	0.00%
398.00	Miscellaneous Equipment	56,850.20	0%	0.00	56,850.20	0.00	0.00	20-R2	N/A	0.00	0.00%
	Sub-Total (General Plant) Amortization	5,179,502.08		0.00	5,327,784.36	0.00	0.00			0.00	0.00%
	TOTAL General Plant	26,859,761.20		(583,529.53)	27,443,290.73	53,975.67	529,553.86			24,180.54	0.09%
	TOTAL Depreciable Plant	251,825,093.87		(163,763,954.44)	415,589,048.31	46,711,075.14	117,052,879.30			4,394,610.37	1.75%

Montana-Dakota Utilities Company
Gas Division

**Summary of Original Cost of Utility Plant in Service and Calculation of
Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of
Book Deprecation Reserve and Average Remaining Lives as of December 31, 2008**

Account No.	Description	Original	Estimated Future		Original	Book	Net Original	A.S.L./	Average	Annual	Annual
		Cost 12/31/08	%	Net Salvage Amount	Cost Less Salvage	Depreciation Reserve	Cost Less Salvage	Survivor Curve	Remaining Life	Depreciation Accrual	Depreciation Rate
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
NON-DEPRECIABLE PLANT											
374.1	Land (Distribution)	138,261.79									
389	Land & Land Rights (General)	1,328,891.91									
	Total Land	1,467,153.70									
INTANGIBLE PLANT											
303	Miscellaneous Intangible Plant	3,949,065.10									
	Total Intangible Plant	3,949,065.10									
	TOTAL Non-Depreciable Plant	5,416,218.80									
	TOTAL Plant in Service	257,241,312.67									

**Montana-Dakota Utilities Company
Gas Division**

**Original Cost Per Company Books, Adjustments, And
Original Cost Per Depreciation Study of December 31, 2008**

Account No. (a)	Description (b)	Original Cost Per Co. Books 12/31/08 (c)	(Pending) Retirements (d)	Company Pending Adjustments (e)	Original Cost Per Depr Study Data 12/31/08 (e)
<u>DEPRECIABLE PLANT</u>					
Distribution Plant					
374.20	Rights of Way	322,677.60			322,677.60
375.00	Distr. Meas & Reg Station Structures	609,311.11			609,311.11
Mains					
376.10	Mains-Steel	41,975,049.45			41,975,049.45
376.20	Mains-Plastic	63,935,958.79			63,935,958.79
376.30	Mains-Valves	447,328.09			447,328.09
376.40	Mains-Manholes	69,919.29			69,919.29
376.50	Mains-Bridge & River Crossings	19,818.03			19,818.03
	Total Mains	106,448,073.65	0.00	0.00	106,448,073.65
378.00	Meas & Reg Station Equip-General	2,140,308.63			2,140,308.63
379.00	Meas & Reg Station Equip-City Gate	1,028,821.89			1,028,821.89
Services					
380.10	Services-Steel	7,285,187.87			7,285,187.87
380.20	Services-Plastic	42,690,273.23			42,690,273.23
380.30	Farm & Fuel Lines	248,640.18			248,640.18
	Total Services	50,224,101.28	0.00	0.00	50,224,101.28
381.00	Meters	55,172,050.24			55,172,050.24
383.00	Service Regulators	5,555,207.98			5,555,207.98
385.00	Industrial Meas. & Reg. Station Equipment	875,376.89			875,376.89
MISCELLANEOUS EQUIPMENT					
386.10	Miscellaneous Property on Customers Premis	1,679.84			1,679.84
386.20	CNG Refueling station	261,880.34			261,880.34
386.30		0.00			0.00
	TOTAL Account 386	263,560.18	0.00	0.00	263,560.18
OTHER EQUIPMENT					
387.10	Cathodic Protection Equipment	1,737,817.71			1,737,817.71
387.20	Other Distribution Equipment	588,025.51			588,025.51
	TOTAL Account 387	2,325,843.22	0.00	0.00	2,325,843.22
	TOTAL Distribution Plant	224,965,332.67	0.00	0.00	224,965,332.67
General Plant					
390.00	General Structures	5,835,295.28			5,835,295.28
OFFICE FURNITURE & EQUIPMENT					
391.10	Office Furniture & Equipment	415,861.93			415,861.93
391.30	Computer Equipment - PC	828,118.21			828,118.21
391.50	Other Computer Equipment	53,696.84			53,696.84
	TOTAL Account 391	1,297,676.98	0.00	0.00	1,297,676.98
TRANSPORTATION EQUIPMENT					
392.10	Transportation Equipment (Trailers)	397,059.69			397,059.69
392.20	Transportation Equipment (Cars & Trucks)	8,775,094.21			8,775,094.21
	TOTAL Account 392	9,172,153.90	0.00	0.00	9,172,153.90
393.00	Stores Equipment	148,282.28			148,282.28

**Montana-Dakota Utilities Company
Gas Division**

**Original Cost Per Company Books, Adjustments, And
Original Cost Per Depreciation Study of December 31, 2008**

Account No.	Description	Original Cost Per Co. Books 12/31/08	(Pending) Retirements	Company Pending Adjustments	Original Cost Per Depr Study Data 12/31/08
(a)	(b)	(c)	(d)	(e)	(e)
	TOOLS, SHOP & GARAGE EQ.				
394.10	Tools, Shop & Garage Equip. (Non-Unitized)	2,515,638.89			2,515,638.89
394.30	Vehicle Maintenance Equipment	37,100.02			37,100.02
394.40	Vehicle Refueling Equipment	26,852.90			26,852.90
	TOTAL Account 394	2,579,591.81	-	-	2,579,591.81
395.00	Laboratory Equipment	172,283.97			172,283.97
	POWER OPERATED EQUIPMENT				
396.10	Work Equipment (Trailers)	530,575.86			530,575.86
396.20	Power Operated Equipment	6,142,234.08			6,142,234.08
	TOTAL Account 396	6,672,809.94	0.00	0.00	6,672,809.94
	COMMUNICATION EQUIPMENT				
397.10	Radio Communication Equip. (Fixed)	226,847.00			226,847.00
397.20	Radio Communication Equip. (Mobile)	468,875.34			468,875.34
397.30	General Telephone Communication Equip.	56,947.69			56,947.69
397.80	Network Equipment	172,146.81			172,146.81
	TOTAL Account 397	924,816.84	0.00	0.00	924,816.84
398.00	Miscellaneous Equipment	56,850.20			56,850.20
	Sub-Total (General Plant) Amortization	5,179,502.08	0.00	0.00	5,179,502.08
	TOTAL General Plant	26,859,761.20	0.00	0.00	26,859,761.20
	TOTAL Depreciable Plant	251,825,093.87	0.00	0.00	251,825,093.87
	NON-DEPRECIABLE PLANT				
374.10	Land (Distribution)	\$138,261.79			138,261.79
389.00	Land & Land Rights (General)	\$1,328,891.91			1,328,891.91
	Total Land	1,467,153.70	0.00	0.00	1,467,153.70
	INTANGIBLE PLANT				
303.00	Miscellaneous Intangible Plant	\$3,949,065.10			3,949,065.10
	Total Intangible Plant	3,949,065.10	0.00	0.00	3,949,065.10
	TOTAL Non-Depreciable Plant	5,416,218.80	0.00	0.00	5,416,218.80
	TOTAL Plant in Service	257,241,312.67	0.00	0.00	257,241,312.67
388.00	ARO	115,629.38			
	Total Including ARO	257,356,942.05			

Table 4

**Montana-Dakota Utilities Company
Gas Division**

**Summary of Book Depreciation Reserves Relative To Original Cost of Utility Plant in Service,
Adjustments, And Depreciation Reserves Per Depreciation Study as of December 31, 2008**

Account No.	Description (b)	Depr Reserve Per Books 12/31/08 (c)	(Pending) Retirements (d)	Depr Reserve Per Depr Study 12/31/08 (e)
<u>DEPRECIABLE PLANT</u>				
Distribution Plant				
374.20	Rights of Way	67,017.62		67,017.62
375.00	Distr. Meas & Reg Station Structures	356,503.11		356,503.11
Mains				
376.10	Mains-Steel	67,393,326.41		36,466,142.85
376.20	Mains-Plastic	0.00		30,608,794.32
376.30	Mains-Valves	0.00		257,220.39
376.40	Mains-Manholes	0.00		55,146.20
376.50	Mains-Bridge & River Crossings	0.00		6,022.66
	Total Mains	67,393,326.41	0.00	67,393,326.41
378.00	Meas & Reg Station Equip-General	934,403.43		934,403.43
379.00	Meas & Reg Station Equip-City Gate	566,306.49		566,306.49
Services				
380.10	Services-Steel	42,835,577.66		12,429,968.14
380.20	Services-Plastic	0.00		30,149,319.03
380.30	Farm & Fuel Lines	0.00		256,290.49
	Total Services	42,835,577.66	0.00	42,835,577.66
381.00	Meters	16,541,851.01		16,541,851.01
383.00	Service Regulators	2,508,676.39		2,508,676.39
385.00	Industrial Meas. & Reg. Station Equipment	332,350.79		332,350.79
MISCELLANEOUS EQUIPMENT				
386.10	Miscellaneous Property on Customers Premise	1,474.70		1,474.70
386.20	CNG Refueling station	259,586.77		259,586.77
386.30	CNG Lease/Demo	26,496.25		26,496.25
	TOTAL Account 386	287,557.72	0.00	287,557.72
OTHER EQUIPMENT				
387.10	Cathodic Protection Equipment	1,180,475.15		1,180,475.15
387.20	Other Distribution Equipment	507,918.50		507,918.50
	TOTAL Account 387	1,688,393.65	0.00	1,688,393.65
	TOTAL Distribution Plant	133,511,964.28	0.00	133,511,964.28
General Plant				
390.00	General Structures	1,988,707.89		1,988,707.89
OFFICE FURNITURE & EQUIPMENT				
391.10	Office Furniture & Equipment	179,231.41		179,231.41
391.30	Computer Equipment - PC	823,565.05		823,565.05
391.50	Other Computer Equipment	8,767.81		8,767.81
	TOTAL Account 391	1,002,796.46	0.00	1,002,796.46
TRANSPORTATION EQUIPMENT				
392.10	Transportation Equipment (Trailers)	122,493.27		122,493.27
392.20	Transportation Equipment (Cars & Trucks)	7,366,984.18		7,366,984.18
	TOTAL Account 392	7,489,477.45	0.00	7,489,477.45
393.00	Stores Equipment	88,443.55		88,443.55

Table 4

**Montana-Dakota Utilities Company
Gas Division**

**Summary of Book Depreciation Reserves Relative To Original Cost of Utility Plant in Service,
Adjustments, And Depreciation Reserves Per Depreciation Study as of December 31, 2008**

Account No.	Description (b)	Depr Reserve Per Books 12/31/08 (c)	(Pending) Retirements (d)	Depr Reserve Per Depr Study 12/31/08 (e)
	TOOLS, SHOP & GARAGE EQ.			
394.10	Tools, Shop & Garage Equip. (Non-Unitized)	1,124,846.96		1,124,846.96
394.30	Vehicle Maintenance Equipment	23,917.83		23,917.83
394.40	Vehicle Refueling Equipment	16,795.80		16,795.80
	TOTAL Account 394	1,165,560.59	0.00	1,165,560.59
395.00	Laboratory Equipment	24,442.45		24,442.45
	POWER OPERATED EQUIPMENT			
396.10	Work Equipment (Trailers)	271,074.35		271,074.35
396.20	Power Operated Equipment	1,077,130.72		1,077,130.72
	TOTAL Account 396	1,348,205.07	0.00	1,348,205.07
	COMMUNICATION EQUIPMENT			
397.10	Radio Communication Equip. (Fixed)	117,179.40		117,179.40
397.20	Radio Communication Equip. (Mobile)	274,608.16		274,608.16
397.30	General Telephone Communication Equip.	24,756.98		24,756.98
397.80	Network Equipment	52,766.76		52,766.76
	TOTAL Account 397	469,311.30	0.00	469,311.30
398.00	Miscellaneous Equipment	(5,285.64)		(5,285.64)
	Sub-Total (General Plant) Amortization	2,754,036.52		2,754,036.52
	TOTAL General Plant	13,580,426.93	0.00	13,580,426.93
	TOTAL Depreciable Plant	147,092,391.21	0.00	147,092,391.21
	NON-DEPRECIABLE PLANT			
374.10	Land (Distribution)	0.00		0.00
389.00	Land & Land Rights (General)	0.00		0.00
	Total Land	0.00		0.00
	INTANGIBLE PLANT			
303.00	Miscellaneous Intangible Plant	503,426.57		503,426.57
	Total Intangible Plant	503,426.57		503,426.57
	TOTAL Non-Depreciable Plant	503,426.57	0.00	503,426.57
	TOTAL Plant in Service	147,595,817.78	0.00	147,595,817.78
388.00	ARO	59,099.88		
	Total Including ARO	147,654,917.66		

**Montana-Dakota Utilities Company
Gas Division**

**Summary of Original Cost of Utility Plant in Service as of December 31, 2008 and
Present and Proposed Parameters**

Account No.	Description	Present Parameters							Proposed Parameters				
		Original Cost 12/31/08	Net Salvage		Gross COR %	A.S.L./ Survivor Curve	Present Depr Rate-%	Average Remaining Life	Net Salvage		Gross COR %	A.S.L./ Survivor Curve	Average Remaining Life
			W/ COR %	W/O COR %					W/ COR %	W/O COR %			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(o)	(p)
DEPRECIABLE PLANT													
Distribution Plant													
374.20	Rights of Way	322,677.60	0.0%	0%	0%	65-R2.5	0.75%	49.3	0%	0%	0%	65-R3	57.2
375.00	Distr. Meas & Reg Station Structures	609,311.11	-50.0%	0%	-50%	55-R2.5	2.57%	29.9	-50%	0%	-50%	60-R3	33.0
Mains													
376.10	Mains-Steel	41,975,049.45	-60.0%	0%	-60%	45-R3	1.92%	21.4	-50%	0%	-50%	47-R4	22.3
376.20	Mains-Plastic	63,935,958.79	-60.0%	0%	-60%	45-R3	1.92%	33.7	-50%	0%	-50%	47-R4	33.4
376.30	Mains-Valves	447,328.09	-60.0%	0%	-60%	40-R2.5	1.92%	30.4	-50%	0%	-50%	40-R2.5	26.1
376.40	Mains-Manholes	69,919.29	-60.0%	0%	-60%	45-R3	1.92%	29.9	-50%	0%	-50%	47-R4	24.6
376.50	Mains-Bridge & River Crossings	19,818.03	-60.0%	0%	-60%	45-R3	1.92%	3.1	-50%	0%	-50%	47-R4	38.3
	Total Mains	106,448,073.65											
378.00	Meas & Reg Station Equip-General	2,140,308.63	-30.0%	0%	-30%	40-R1	2.96%	23.3	-30%	0%	-30%	40-R2	27.5
379.00	Meas & Reg Station Equip-City Gate	1,028,821.89	-15.0%	0%	-15%	35-R2.5	3.54%	18.9	-15%	0%	-15%	27-L0	16.0
Services													
380.10	Services-Steel	7,285,187.87	-175.0%	0%	-175%	40-R2.5	5.66%	18.8	-200%	0%	-200%	40-R3	13.4
380.20	Services-Plastic	42,690,273.23	-175.0%	0%	-175%	40-R3	5.66%	29.0	-200%	0%	-200%	40-R3	29.0
380.30	Farm & Fuel Lines	248,640.18	-175.0%	0%	-175%	30-R1.5	5.66%	20.6	-200%	0%	-200%	30-R1.5	17.9
	Total Services	50,224,101.28											
381.00	Meters	55,172,050.24	0.0%	0%	0%	35-R2.5	3.19%	19.9	-15%	0%	-15%	35-R4	24.1
383.00	House Regulators	5,555,207.98	10.0%	10%	0%	35-R3	2.59%	18.0	10%	10%	0%	40-R2	25.4
385.00	Industrial Meas. & Reg. Station Equipment	875,376.89	-15.0%	0%	-15%	35-R2	3.04%	20.6	-15%	0%	-15%	35-R2	23.3
MISCELLANEOUS EQUIPMENT													
386.10	Miscellaneous Property on Customers Premise	1,679.84	0.0%	0%	0%	15-R3	5.19%	10.7	0%	0%	0%	15-R3	5.1
386.20	CNG Refueling station	261,880.34	0.0%	0%	0%	15R-3	3.70%	8.1	0%	0%	0%	15R-3	3.3
386.30	CNG Lease/Demo	0.00											
	TOTAL Account 386	263,560.18											
OTHER EQUIPMENT													
387.10	Cathodic Protection Equipment	1,737,817.71	0.0%	0%	0%	20-R1.5	5.75%	10.1	0%	0%	0%	20-R1.5	10.0
387.20	Other Distribution Equipment	588,025.51	0.0%	0%	0%	25-R3	1.42%	17.8	0%	0%	0%	25-R3	13.8
	TOTAL Account 387	2,325,843.22											
	TOTAL Distribution Plant	224,965,332.67											

Montana-Dakota Utilities Company
Gas Division

**Summary of Original Cost of Utility Plant in Service as of December 31, 2008 and
Present and Proposed Parameters**

Account No.	Description	Original Cost 12/31/08	Present Parameters						Proposed Parameters					
			Net Salvage		Gross COR	A.S.L./ Survivor Curve	Present Depr Rate-%	Average Remaining Life	Net Salvage		Gross COR	A.S.L./ Survivor Curve	Average Remaining Life	
			W/ COR	W/O COR					W/ COR	W/O COR				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(o)	(p)	
General Plant														
390.00	General Structures	5,835,295.28	-10.0%	0%	-10%	35-R3	3.73%	11.3	-10%	0%	-10%	31-R4	21.9	
OFFICE FURNITURE & EQUIPMENT														
391.10	Office Furniture & Equipment	415,861.93	5.0%	5%	0% (2)	15	4.97%	N/A	0%	0%	0%	15-R1	N/A	
391.30	Computer Equipment - PC	828,118.21	0.0%	0%	0%	5-R2	26.02%	2.4	0%	0%	0%	5-R2	N/A	
391.50	Other Computer Equipment	53,696.84				N/A	0.0	N/A	0%	0%	0%	5-R2	N/A	
	TOTAL Account 391	1,297,676.98												
TRANSPORTATION EQUIPMENT														
392.10	Transportation Equipment (Trailers)	397,059.69	15.0%	15%	0%	8-R3	4.36%	5.3	15%	15%	0%	8-R0.5	5.6	
392.20	Transportation Equipment (Cars & Trucks)	8,775,094.21	15.0%	15%	0%	6-R3	21.13%	2.3	20%	20%	0%	7-R3	3.5	
	TOTAL Account 392	9,172,153.90												
393.00	Stores Equipment	148,282.28	0.0%	0%	0% (2)	35	2.49%	N/A	0%	0%	0%	35-R3	N/A	
TOOLS, SHOP & GARAGE EQ.														
394.10	Tools, Shop & Garage Equip. (Non-Unitized)	2,515,638.89	10.0%	10%	0% (2)	18	6.62%	N/A	0%	0%	0%	18-R1.5	N/A	
394.30	Vehicle Maintenance Equipment	37,100.02	0.0%	0%	0% (2)	20	5.78%	N/A	0%	0%	0%	20-R3	N/A	
394.40	Vehicle Refueling Equipment	26,852.90	0.0%	0%	0% (2)	15	4.72%	N/A	0%	0%	0%	15-R3	N/A	
	TOTAL Account 394	2,579,591.81												
395.00	Laboratory Equipment	172,283.97	0.0%	0%	0% (2)	20	7.67%	N/A	0%	0%	0%	20-R2	N/A	
POWER OPERATED EQUIPMENT														
396.10	Work Equipment (Trailers)	530,575.86	35.0%	35%	0%	10-R2	5.76%	5.9	20%	20%	0%	10-R2	4.8	
396.20	Power Operated Equipment	6,142,234.08	60.0%	60%	0%	7-R2	0.00%	3.2	80%	80%	0%	4-L1	2.6	
	TOTAL Account 396	6,672,809.94												
COMMUNICATION EQUIPMENT														
397.10	Radio Communication Equip. (Fixed)	226,847.00	0.0%	0%	0% (2)	15	7.37%	N/A	0%	0%	0%	15-R3	N/A	
397.20	Radio Communication Equip. (Mobile)	468,875.34	0.0%	0%	0% (2)	15	7.34%	N/A	0%	0%	0%	15-R3	N/A	
397.30	General Telephone Communication Equip.	56,947.69	0.0%	0%	0% (2)	10	9.88%	N/A	0%	0%	0%	10-R1	N/A	
397.80	Network Equipment	172,146.81	0.0%	0%	0% (2)	5	26.26%	N/A	0%	0%	0%	5-R3	N/A	
	TOTAL Account 397	924,816.84												

**Montana-Dakota Utilities Company
Gas Division**

**Summary of Original Cost of Utility Plant in Service as of December 31, 2008 and
Present and Proposed Parameters**

Account No.	Description	Original Cost 12/31/08	Present Parameters						Proposed Parameters				
			Net Salvage		Gross COR	A.S.L./ Survivor Curve	Present Depr Rate-%	Average Remaining Life	Net Salvage		Gross COR	A.S.L./ Survivor Curve	Average Remaining Life
			W/ COR	W/O COR					W/ COR	W/O COR			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(o)	(p)
398.00	Miscellaneous Equipment	56,850.20	0.0%	0%	0% (2)	20	1.27%	N/A	0%	0%	0%	20-R2	N/A
	Sub-Total (General Plant) Amortization	5,179,502.08											
	TOTAL General Plant	26,859,761.20											
	TOTAL Depreciable Plant	251,825,093.87											
	NON-DEPRECIABLE PLANT												
374.1	Land (Distribution)	138,261.79											
389	Land & Land Rights (General)	1,328,891.91											
	Total Land	1,467,153.70											
	INTANGIBLE PLANT												
303	Miscellaneous Intangible Plant	3,949,065.10											
	Total Intangible Plant	3,949,065.10											
	TOTAL Non-Depreciable Plant	5,416,218.80											
	TOTAL Plant in Service	257,241,312.67											

(1) Life Span Method Utilized. Interim Retirement Rate. Service Lives Vary.

(2) General Plant Amortization

Montana-Dakota Utilities Company
Gas Division

**Summary of Original Cost of Utility Plant in Service as of December 31, 2008
and Related Annual Depreciation/Amortization Expense
Under Present Rates and Proposed Amortization**

Account No.	Description	Original Cost 12/31/08	Present Rates		Proposed Amortization		Net Change Depr/Amort Expense
			Rate %	Annual Accrual	Rate %	Annual Accrual	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
DEPRECIABLE PLANT							
General Plant							
GENERAL STRUCTURES							
OFFICE FURNITURE & EQUIPMENT							
391.10	Office Furniture & Equipment	415,861.93	4.97%	20,668.34	6.59%	27,412.62	6,744.28
391.30	Computer Equipment - PC	828,118.21	26.02%	215,476.36	11.28%	93,383.50	-122,092.86
391.50	Other Computer Equipment	53,696.84	0.00%	0.00	4.97%	2,667.08	2,667.08
	TOTAL Account 391.10, 391.30 & 391.5	1,297,676.98	18.20%	236,144.70	9.51%	123,463.20	-112,681.50
393.00	Stores Equipment	148,282.28	2.49%	3,692.23	2.44%	3,613.53	-78.70
394.10	Tools, Shop & Garage Equip. (Non-Unitized)	2,515,638.89	6.62%	166,535.29	5.65%	142,108.78	-24,426.51
394.30	Vehicle Maintenance Equipment	37,100.02	5.78%	2,144.38	7.12%	2,640.27	495.89
394.40	Vehicle Refueling Equipment	26,852.90	4.72%	1,267.46	10.32%	2,772.05	1,504.59
	TOTAL Account 394	2,579,591.81	6.59%	169,947.13	5.72%	147,521.10	-22,426.03
395.00	Laboratory Equipment	172,283.97	7.67%	13,214.18	6.95%	11,980.02	-1,234.16
COMMUNICATION EQUIPMENT							
397.10	Radio Communication Equip. (Fixed)	226,847.00	7.37%	16,718.62	6.07%	13,763.90	-2,954.72
397.20	Radio Communication Equip. (Mobile)	468,875.34	7.34%	34,415.45	4.06%	19,052.43	-15,363.02
397.30	General Telephone Communication Equip.	56,947.69	9.88%	5,626.43	10.69%	6,089.15	462.72
397.80	Network Equipment	172,146.81	26.26%	45,205.75	17.68%	30,435.15	-14,770.60
	TOTAL Account 397	924,816.84	11.03%	101,966.25	7.50%	69,340.63	-32,625.62
398.00	Miscellaneous Equipment	56,850.20	1.27%	722.00	9.43%	5,361.40	4,639.40
	Sub-Total (General Plant) Amortization	5,179,502.08	10.15%	525,686.49	6.98%	361,279.88	-164,406.61

Table 7

Montana-Dakota Utilities Company
Gas Division
Account 391.10 - Office Furniture & Equipment

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		15	R1			
Calculation Year: 2008						
Year	Original Cost 12-31	Calculated Reserve	Amortization Starting Depr. Reserve	Remaining Amount To Be Amortized	Remaining Amortization Period (Yrs)	Annual Amortization Amount
1981	0.00	0 (1)	0.00	0.00	0	0.00
1982	0.00	0 (1)	0.00	0.00	0	0.00
1983	7,307.73	6,569 (1)	7,307.73	0.00	0	0.00
1984	16,479.54	14,486 (1)	16,479.54	0.00	0	0.00
1985	10,979.03	9,421 (1)	10,979.03	0.00	0	0.00
1986	4,822.91	4,033 (1)	4,822.91	0.00	0	0.00
1987	4,502.87	3,661 (1)	4,502.87	0.00	0	0.00
1988	4,948.78	3,903 (1)	4,948.78	0.00	0	0.00
1989	3,828.83	2,923 (1)	3,828.83	0.00	0	0.00
1990	2,689.60	1,981 (1)	2,689.60	0.00	0	0.00
1991	34,433.72	24,398 (1)	34,433.72	0.00	0	0.00
1992	1,536.78	1,044 (1)	1,536.78	0.00	0	0.00
1993	10,058.25	6,520 (1)	10,058.25	0.00	0	0.00
1994	0.00	0 (2)	0.00	0.00	1	0.00
1995	8,216.74	4,783 (2)	4,783.00	3,433.74	2	1,716.87
1996	12,579.64	6,877 (2)	6,877.00	5,702.64	3	1,900.88
1997	2,820.08	1,437 (2)	1,437.00	1,383.08	4	345.77
1998	2,737.78	1,290 (2)	1,290.00	1,447.78	5	289.56
1999	5,933.10	2,558 (2)	2,558.00	3,375.10	6	562.52
2000	8,854.29	3,452 (2)	3,452.00	5,402.29	7	771.76
2001	449.66	156 (2)	156.00	293.66	8	36.71
2002	211,189.90	64,097 (2)	64,097.00	147,092.90	9	16,343.66
2003	18,121.04	4,692 (2)	4,692.00	13,429.04	10	1,342.90
2004	5,956.62	1,272 (2)	1,272.00	4,684.62	11	425.87
2005	10,911.21	1,828 (2)	1,828.00	9,083.21	12	756.93
2006	10,584.90	1,279 (2)	1,279.00	9,305.90	13	715.84
2007	15,918.93	1,165 (2)	1,165.00	14,753.93	14	1,053.85
2008	<u>0.00</u>	<u>0</u> (2)	<u>0.00</u>	<u>0.00</u>	<u>15</u>	<u>0.00</u>
	415,861.93	173,825	196,474.04	219,387.89	6.32%	26,263.11
Book Reserve			179,231.41			
Starting Point Depreciation Reserve			<u>196,474.04</u>			
Book/Amortization Starting Point Depr Reserve Vari			17,242.63		15	<u>1,149.51</u>
(Amortize over Amortization Period)						
Total Amortization Amount					6.59%	27,412.62

(1) Amortization starting point depreciation reserve set equal to original cost

(2) Amortization starting point depreciation reserve set equal to calculated depreciation reserve

Table 7

**Montana-Dakota Utilities Company
Gas Division
Account 391.30 - Computer Equipment - PC**

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		5		R2		
Calculation Year: 2008						
Year	Original Cost 12-31	Calculated Reserve	Amortization Starting Depr. Reserve	Remaining Amount To Be Amortized	Remaining Amortization Period (Yrs)	Annual Amortization Amount
2000	0.00	0 (1)	0.00	0.00	0	0.00
2001	0.00	0 (1)	0.00	0.00	0	0.00
2002	1,020.09	844 (1)	1,020.09	0.00	0	0.00
2003	161,255.28	122,499 (1)	161,255.28	0.00	0	0.00
2004	219,235.28	146,494 (2)	146,494.00	72,741.28	1	72,741.28
2005	163,217.13	90,089 (2)	90,089.00	73,128.13	2	36,564.07
2006	110,818.82	45,905 (2)	45,905.00	64,913.82	3	21,637.94
2007	99,484.66	25,760 (2)	25,760.00	73,724.66	4	18,431.17
2008	<u>73,086.95</u>	<u>6,529</u> (2)	<u>6,529.00</u>	<u>66,557.95</u>	<u>5</u>	<u>13,311.59</u>
	828,118.21	438,120	477,052.37	351,065.84	3.16%	162,686.04
Book Reserve			823,565.05			
Starting Point Depreciation Reserve			<u>477,052.37</u>			
Book/Amortization Starting Point Depr Reserve Variance (Amortize over Amortization Period)			-346,512.68	5		<u>-69,302.54</u>
Total Amortization Amount					11.28%	93,383.50

**Montana-Dakota Utilities Company
Gas Division
Account 391.50 - Other Computer Equipment**

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		5	R2			
Calculation Year: 2008						
<u>Year</u>	<u>Original Cost 12-31</u>	<u>Calculated Reserve</u>	<u>Amortization Starting Depr. Reserve</u>	<u>Remaining Amount To Be Amortized</u>	<u>Remaining Amortization Period (Yrs)</u>	<u>Annual Amortization Amount</u>
2007	25,878.68	6,701 (2)	6,701.00	19,177.68	4	4,794.42
2008	<u>27,818.16</u>	<u>2,485</u> (2)	<u>2,485.00</u>	<u>25,333.16</u>	5	<u>5,066.63</u>
	53,696.84	9,186	9,186.00	44,510.84	3.16%	9,861.05
Book Reserve			8,767.81			
Starting Point Depreciation Reserve			<u>9,186.00</u>			
Book/Amortization Starting Point Depr Reserve Variance (Amortize over Amortization Period)			418.19		5	<u>9,857.85</u>
Total Amortization Amount					4.97%	27,033.65

Table 7

**Montana-Dakota Utilities Company
Gas Division
Account 393- Stores Equipment**

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		35		R3			
Calculation Year: 2008							
<u>Year</u>	<u>Original Cost 12-31</u>	<u>Calculated Reserve</u>		<u>Amortization Starting Depr. Reserve</u>	<u>Remaining Amount To Be Amortized</u>	<u>Remaining Amortization Period (Yrs)</u>	<u>Annual Amortization Amount</u>
1956	0.00	0	(1)	0.00	0.00	0	0.00
1957	0.00	0	(1)	0.00	0.00	0	0.00
1958	15.51	15	(1)	15.51	0.00	0	0.00
1959	430.38	401	(1)	430.38	0.00	0	0.00
1960	2,526.36	2,335	(1)	2,526.36	0.00	0	0.00
1961	553.94	508	(1)	553.94	0.00	0	0.00
1962	1,082.68	985	(1)	1,082.68	0.00	0	0.00
1963	1,045.67	943	(1)	1,045.67	0.00	0	0.00
1964	485.33	434	(1)	485.33	0.00	0	0.00
1965	0.00	0	(1)	0.00	0.00	0	0.00
1966	2,157.35	1,895	(1)	2,157.35	0.00	0	0.00
1967	1,651.60	1,436	(1)	1,651.60	0.00	0	0.00
1968	5,567.94	4,791	(1)	5,567.94	0.00	0	0.00
1969	516.52	439	(1)	516.52	0.00	0	0.00
1970	1,330.08	1,118	(1)	1,330.08	0.00	0	0.00
1971	9,040.24	7,496	(1)	9,040.24	0.00	0	0.00
1972	2,993.64	2,447	(1)	2,993.64	0.00	0	0.00
1973	5,710.69	4,595	(1)	5,710.69	0.00	0	0.00
1974	1,448.26	1,146	(2)	1,146.00	302.26	1	302.26
1975	967.22	752	(2)	752.00	215.22	2	107.61
1977	2,974.56	2,220	(2)	2,220.00	754.56	4	188.64
1978	7,363.43	5,375	(2)	5,375.00	1,988.43	5	397.69
1979	0.00	0	(2)	0.00	0.00	6	0.00
1980	2,475.39	1,720	(2)	1,720.00	755.39	7	107.91
1981	0.00	0	(2)	0.00	0.00	8	0.00
1982	608.44	400	(2)	400.00	208.44	9	23.16
1983	0.00	0	(2)	0.00	0.00	10	0.00
1984	0.00	0	(2)	0.00	0.00	11	0.00
1985	0.00	0	(2)	0.00	0.00	12	0.00
1986	2,247.72	1,293	(2)	1,293.00	954.72	13	73.44
1987	12,024.02	6,656	(2)	6,656.00	5,368.02	14	383.43
1988	0.00	0	(2)	0.00	0.00	15	0.00
1989	0.00	0	(2)	0.00	0.00	16	0.00
1990	761.71	370	(2)	370.00	391.71	17	23.04
1991	0.00	0	(2)	0.00	0.00	18	0.00
1992	14,689.00	6,436	(2)	6,436.00	8,253.00	19	434.37
1993	852.74	353	(2)	353.00	499.74	20	24.99
1994	11,358.34	4,420	(2)	4,420.00	6,938.34	21	330.40
1995	0.00	0	(2)	0.00	0.00	22	0.00
1996	1,284.52	435	(2)	435.00	849.52	23	36.94
1997	0.00	0	(2)	0.00	0.00	24	0.00
1998	0.00	0	(2)	0.00	0.00	25	0.00

Table 7

**Montana-Dakota Utilities Company
Gas Division
Account 393- Stores Equipment**

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		35		R3			
Calculation Year: 2008							
<u>Year</u>	<u>Original Cost 12-31</u>	<u>Calculated Reserve</u>		<u>Amortization Starting Depr. Reserve</u>	<u>Remaining Amount To Be Amortized</u>	<u>Remaining Amortization Period (Yrs)</u>	<u>Annual Amortization Amount</u>
1999	0.00	0	(2)	0.00	0.00	26	0.00
2000	697.76	163	(2)	163.00	534.76	27	19.81
2001	19,702.69	4,085	(2)	4,085.00	15,617.69	28	557.77
2002	14,197.38	2,559	(2)	2,559.00	11,638.38	29	401.32
2003	14,253.48	2,180	(2)	2,180.00	12,073.48	30	402.45
2004	0.00	0	(2)	0.00	0.00	31	0.00
2005	5,267.69	515	(2)	515.00	4,752.69	32	148.52
2006	0.00	0	(2)	0.00	0.00	33	0.00
2007	0.00	0	(2)	0.00	0.00	34	0.00
2008	<u>0.00</u>	<u>0</u>	(2)	<u>0.00</u>	<u>0.00</u>	35	<u>0.00</u>
	148,282.28	70,916		76,185.93	72,096.35	2.67%	3,963.74
Book Reserve				88,443.55			
Starting Point Depreciation Reserve				<u>76,185.93</u>			
Book/Amortization Starting Point Depr Reserve Variance (Amortize over Amortization Period)				-12,257.62		35	<u>-350.22</u>
Total Amortization Amount						2.44%	3,613.53

(1) Amortization starting point depreciation reserve set equal to original cost

(2) Amortization starting point depreciation reserve set equal to calculated depreciation reserve

Table 7

Montana-Dakota Utilities Company
Gas Division
Account 394.1 - Tools, Shop & Garage Equipment (Non-Unitized)

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		18	R1.5			
Calculation Year: 2008			Amortization Starting Depr. Reserve	Remaining Amount To Be Amortized	Remaining Amortization Period (Yrs)	Annual Amortization Amount
Year	Original Cost 12-31	Calculated Reserve				
1978	0.00	0 (1)	0.00	0.00	0	0.00
1979	0.00	0 (1)	0.00	0.00	0	0.00
1980	10,467.90	9,204 (1)	10,467.90	0.00	0	0.00
1981	45,439.51	39,280 (1)	45,439.51	0.00	0	0.00
1982	38,635.11	32,802 (1)	38,635.11	0.00	0	0.00
1983	12,607.97	10,500 (1)	12,607.97	0.00	0	0.00
1984	0.00	0 (1)	0.00	0.00	0	0.00
1985	139,100.33	111,035 (1)	139,100.33	0.00	0	0.00
1986	84,211.26	65,644 (1)	84,211.26	0.00	0	0.00
1987	14,238.35	10,815 (1)	14,238.35	0.00	0	0.00
1988	21,344.59	15,757 (1)	21,344.59	0.00	0	0.00
1989	45,044.89	32,224 (1)	45,044.89	0.00	0	0.00
1990	36,693.43	25,354 (1)	36,693.43	0.00	0	0.00
1991	24,443.91	16,253 (2)	16,253.00	8,190.91	1	8,190.91
1992	53,753.21	34,256 (2)	34,256.00	19,497.21	2	9,748.61
1993	11,046.15	6,716 (2)	6,716.00	4,330.15	3	1,443.38
1994	207,471.21	119,751 (2)	119,751.00	87,720.21	4	21,930.05
1995	11,983.39	6,529 (2)	6,529.00	5,454.39	5	1,090.88
1996	88,738.37	45,348 (2)	45,348.00	43,390.37	6	7,231.73
1997	79,855.62	38,003 (2)	38,003.00	41,852.62	7	5,978.95
1998	75,440.20	33,152 (2)	33,152.00	42,288.20	8	5,286.03
1999	60,557.07	24,334 (2)	24,334.00	36,223.07	9	4,024.79
2000	103,232.71	37,483 (2)	37,483.00	65,749.71	10	6,574.97
2001	88,807.59	28,719 (2)	28,719.00	60,088.59	11	5,462.60
2002	136,247.42	38,521 (2)	38,521.00	97,726.42	12	8,143.87
2003	140,533.90	33,908 (2)	33,908.00	106,625.90	13	8,201.99
2004	132,041.11	26,282 (2)	26,282.00	105,759.11	14	7,554.22
2005	194,448.84	30,348 (2)	30,348.00	164,100.84	15	10,940.06
2006	279,393.80	31,400 (2)	31,400.00	247,993.80	16	15,499.61
2007	231,829.38	15,756 (2)	15,756.00	216,073.38	17	12,710.20
2008	<u>148,031.67</u>	<u>3,381</u> (2)	<u>3,381.00</u>	<u>144,650.67</u>	<u>18</u>	<u>8,036.15</u>
	2,515,638.89	922,755	1,017,923.34	1,497,715.55	5.89%	148,048.98
Book Reserve			1,124,846.96			
Starting Point Depreciation Reserve			<u>1,017,923.34</u>			
Book/Amortization Starting Point Depr Reserve Variance (Amortize over Amortization Period)			-106,923.62		18	<u>-5,940.20</u>
Total Amortization Amount					5.65%	142,108.78

(1) Amortization starting point depreciation reserve set equal to original cost

(2) Amortization starting point depreciation reserve set equal to calculated depreciation reserve

Table 7

Montana-Dakota Utilities Company
Gas Division
Account 394.3 - Vehicle Maintenance Equipment

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		20	R3				
Calculation Year:		2008					
<u>Year</u>	<u>Original Cost</u> <u>12-31</u>	<u>Calculated</u> <u>Reserve</u>	<u>Amortization</u> <u>Starting</u> <u>Depr. Reserve</u>	<u>Remaining</u> <u>Amount To Be</u> <u>Amortized</u>	<u>Remaining</u> <u>Amortization</u> <u>Period (Yrs)</u>	<u>Annual</u> <u>Amortization</u> <u>Amount</u>	
1987	5,304.03	4,403 (1)	5,304.03	0.00	0	0.00	
1988	0.00	0 (1)	0.00	0.00	0	0.00	
1989	3,393.19	2,666 (2)	2,666.00	727.19	1	727.19	
1990	0.00	0 (2)	0.00	0.00	2	0.00	
1991	8,613.81	6,304 (2)	6,304.00	2,309.81	3	769.94	
1992	261.32	183 (2)	183.00	78.32	4	19.58	
1993	1,728.56	1,157 (2)	1,157.00	571.56	5	114.31	
1994	11,875.67	7,542 (2)	7,542.00	4,333.67	6	722.28	
1995	0.00	0 (2)	0.00	0.00	7	0.00	
1996	0.00	0 (2)	0.00	0.00	8	0.00	
1997	0.00	0 (2)	0.00	0.00	9	0.00	
1998	0.00	0 (2)	0.00	0.00	10	0.00	
1999	0.00	0 (2)	0.00	0.00	11	0.00	
2000	0.00	0 (2)	0.00	0.00	12	0.00	
2001	0.00	0 (2)	0.00	0.00	13	0.00	
2002	0.00	0 (2)	0.00	0.00	14	0.00	
2003	0.00	0 (2)	0.00	0.00	15	0.00	
2004	0.00	0 (2)	0.00	0.00	16	0.00	
2005	0.00	0 (2)	0.00	0.00	17	0.00	
2006	5,923.44	723 (2)	723.00	5,200.44	18	288.91	
2007	0.00	0 (2)	0.00	0.00	19	0.00	
2008	<u>0.00</u>	<u>0</u> (2)	<u>0.00</u>	<u>0.00</u>	<u>20</u>	<u>0.00</u>	
	37,100.02	22,978	23,879.03	13,220.99	7.12%	2,642.21	
Book Reserve			23,917.83				
Starting Point Depreciation Reserve			<u>23,879.03</u>				
Book/Amortization Starting Point Depr Reserve Var (Amortize over Amortization Period)			-38.80		20	<u>-1.94</u>	
Total Amortization Amount					7.12%	2,640.27	

(1) Amortization starting point depreciation reserve set equal to original cost

(2) Amortization starting point depreciation reserve set equal to calculated depreciation reserve

Table 7

**Montana-Dakota Utilities Company
Gas Division
Account 394.4 - Vehicle Refueling Equipment**

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		15	R3				
Calculation Year: 2008							
Year	Original Cost 12-31	Calculated Reserve	Amortization Starting Depr. Reserve	Remaining Amount To Be Amortized	Remaining Amortization Period (Yrs)	Annual Amortization Amount	
1995	0.00	0 (2)	0.00	0.00	2	0.00	
1996	26,852.90	18,972 (2)	18,972.00	7,880.90	3	2,626.97	
1997	0.00	0 (2)	0.00	0.00	4	0.00	
1998	0.00	0 (2)	0.00	0.00	5	0.00	
1999	0.00	0 (2)	0.00	0.00	6	0.00	
2000	0.00	0 (2)	0.00	0.00	7	0.00	
2001	0.00	0 (2)	0.00	0.00	8	0.00	
2002	0.00	0 (2)	0.00	0.00	9	0.00	
2003	0.00	0 (2)	0.00	0.00	10	0.00	
2004	0.00	0 (2)	0.00	0.00	11	0.00	
2005	0.00	0 (2)	0.00	0.00	12	0.00	
2006	0.00	0 (2)	0.00	0.00	13	0.00	
2007	0.00	0 (2)	0.00	0.00	14	0.00	
2008	<u>0.00</u>	<u>0</u> (2)	<u>0.00</u>	<u>0.00</u>	<u>15</u>	<u>0.00</u>	
	26,852.90	18,972	18,972.00	7,880.90	9.78%	2,626.97	
Book Reserve			16,795.80				
Starting Point Depreciation Reserve			<u>18,972.00</u>				
Book/Amortization Starting Point Depr Reserve Variance (Amortize over Amortization Period)			2,176.20		15	<u>145.08</u>	
Total Amortization Amount					10.32%	2,772.05	

(1) Amortization starting point depreciation reserve set equal to original cost

(2) Amortization starting point depreciation reserve set equal to calculated depreciation reserve

Table 7

**Montana-Dakota Utilities Company
Gas Division
Account 395 - Laboratory Equipment**

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		20		R2			
Calculation Year: 2008							
<u>Year</u>	<u>Original Cost 12-31</u>	<u>Calculated Reserve</u>		<u>Amortization Starting Depr. Reserve</u>	<u>Remaining Amount To Be Amortized</u>	<u>Remaining Amortization Period (Yrs)</u>	<u>Annual Amortization Amount</u>
1981	0.00	0	(1)	0.00	0.00	0	0.00
1982	0.00	0	(1)	0.00	0.00	0	0.00
1983	8,582.06	7,143	(1)	8,582.06	0.00	0	0.00
1984	2,706.78	2,207	(1)	2,706.78	0.00	0	0.00
1985	17,869.81	14,245	(1)	17,869.81	0.00	0	0.00
1987	17,045.88	12,903	(1)	17,045.88	0.00	0	0.00
1988	1,235.97	908	(1)	1,235.97	0.00	0	0.00
1989	1,656.98	1,178	(2)	1,178.00	478.98	1	478.98
1990	522.68	358	(2)	358.00	164.68	2	82.34
1991	14,199.27	9,357	(2)	9,357.00	4,842.27	3	1,614.09
1992	1,179.16	744	(2)	744.00	435.16	4	108.79
1993	4,433.74	2,666	(2)	2,666.00	1,767.74	5	353.55
1994	0.00	0	(2)	0.00	0.00	6	0.00
1995	20,858.40	11,221	(2)	11,221.00	9,637.40	7	1,376.77
1996	1,164.44	587	(2)	587.00	577.44	8	72.18
1997	0.00	0	(2)	0.00	0.00	9	0.00
1998	0.00	0	(2)	0.00	0.00	10	0.00
1999	0.00	0	(2)	0.00	0.00	11	0.00
2000	22,599.05	8,108	(2)	8,108.00	14,491.05	12	1,207.59
2001	5,104.84	1,632	(2)	1,632.00	3,472.84	13	267.14
2002	53,124.91	14,863	(2)	14,863.00	38,261.91	14	2,732.99
2003	0.00	0	(2)	0.00	0.00	15	0.00
2004	0.00	0	(2)	0.00	0.00	16	0.00
2005	0.00	0	(2)	0.00	0.00	17	0.00
2006	0.00	0	(2)	0.00	0.00	18	0.00
2007	0.00	0	(2)	0.00	0.00	19	0.00
2008	<u>0.00</u>	<u>0</u>	(2)	<u>0.00</u>	<u>0.00</u>	<u>20</u>	<u>0.00</u>
	172,283.97	88,120		98,154.50	74,129.47	4.81%	8,294.42
Book Reserve				24,442.45			
Starting Point Depreciation Reserve				<u>98,154.50</u>			
Book/Amortization Starting Point Depr Reserve Varia (Amortize over Amortization Period)				73,712.05		20	<u>3,685.60</u>
Total Amortization Amount						6.95%	11,980.02

(1) Amortization starting point depreciation reserve set equal to original cost

(2) Amortization starting point depreciation reserve set equal to calculated depreciation reserve

Table 7

Montana-Dakota Utilities Company
Gas Division
Account 397.1 - Radio Communication Equipment (Fixed)

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		15	R3				
Calculation Year:		2008					
Year	Original Cost <u>12-31</u>	Calculated <u>Reserve</u>	Amortization Starting <u>Depr. Reserve</u>	Remaining Amount To Be <u>Amortized</u>	Remaining Amortization <u>Period (Yrs)</u>	Annual Amortization <u>Amount</u>	
1987	0.00	0 (1)	0.00	0.00	0	0.00	
1988	0.00	0 (1)	0.00	0.00	0	0.00	
1989	0.00	0 (1)	0.00	0.00	0	0.00	
1990	0.00	0 (1)	0.00	0.00	0	0.00	
1991	70,527.50	60,805 (1)	70,527.50	0.00	0	0.00	
1992	0.00	0 (1)	0.00	0.00	0	0.00	
1993	0.00	0 (1)	0.00	0.00	0	0.00	
1994	0.00	0 (2)	0.00	0.00	1	0.00	
1995	17,943.49	13,384 (2)	13,384.00	4,559.49	2	2,279.75	
1996	19,525.74	13,795 (2)	13,795.00	5,730.74	3	1,910.25	
1997	17,886.14	11,867 (2)	11,867.00	6,019.14	4	1,504.79	
1998	1,719.80	1,061 (2)	1,061.00	658.80	5	131.76	
1999	0.00	0 (2)	0.00	0.00	6	0.00	
2000	0.00	0 (2)	0.00	0.00	7	0.00	
2001	18,737.92	8,656 (2)	8,656.00	10,081.92	8	1,260.24	
2002	27,774.34	11,265 (2)	11,265.00	16,509.34	9	1,834.37	
2003	0.00	0 (2)	0.00	0.00	10	0.00	
2004	10,670.34	3,063 (2)	3,063.00	7,607.34	11	691.58	
2005	0.00	0 (2)	0.00	0.00	12	0.00	
2006	16,384.34	2,655 (2)	2,655.00	13,729.34	13	1,056.10	
2007	25,677.39	2,512 (2)	2,512.00	23,165.39	14	1,654.67	
2008	<u>0.00</u>	<u>0</u> (2)	<u>0.00</u>	<u>0.00</u>	15	<u>0.00</u>	
	226,847.00	129,063	138,785.50	88,061.50	5.43%	12,323.50	
Book Reserve			117,179.40				
Starting Point Depreciation Reserve			<u>138,785.50</u>				
Book/Amortization Starting Point Depr Reserve Varia (Amortize over Amortization Period)			21,606.10		15	<u>1,440.41</u>	
Total Amortization Amount					6.07%	13,763.90	

- (1) Amortization starting point depreciation reserve set equal to original cost
(2) Amortization starting point depreciation reserve set equal to calculated depreciation reserve

Table 7

Montana-Dakota Utilities Company
Gas Division
Account 397.2 - Radio Communication Equipment (Mobile)

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		15		R3			
Calculation Year:		2008					
<u>Year</u>	<u>Original Cost</u> <u>12-31</u>	<u>Calculated</u> <u>Reserve</u>		<u>Amortization</u> <u>Starting</u> <u>Depr. Reserve</u>	<u>Remaining</u> <u>Amount To Be</u> <u>Amortized</u>	<u>Remaining</u> <u>Amortization</u> <u>Period (Yrs)</u>	<u>Annual</u> <u>Amortization</u> <u>Amount</u>
1991	0.00	0	(1)	0.00	0.00	0	0.00
1992	234,529.05	196,806	(1)	234,529.05	0.00	0	0.00
1993	14,099.41	11,453	(1)	14,099.41	0.00	0	0.00
1994	0.00	0	(2)	0.00	0.00	1	0.00
1995	18,861.62	14,069	(2)	14,069.00	4,792.62	2	2,396.31
1996	11,115.37	7,853	(2)	7,853.00	3,262.37	3	1,087.46
1997	7,034.48	4,667	(2)	4,667.00	2,367.48	4	591.87
1998	2,166.65	1,337	(2)	1,337.00	829.65	5	165.93
1999	0.00	0	(2)	0.00	0.00	6	0.00
2000	57,474.36	29,665	(2)	29,665.00	27,809.36	7	3,972.77
2001	0.00	0	(2)	0.00	0.00	8	0.00
2002	15,101.42	6,125	(2)	6,125.00	8,976.42	9	997.38
2003	0.00	0	(2)	0.00	0.00	10	0.00
2004	3,093.15	888	(2)	888.00	2,205.15	11	200.47
2005	0.00	0	(2)	0.00	0.00	12	0.00
2006	1,624.26	263	(2)	263.00	1,361.26	13	104.71
2007	5,743.94	562	(2)	562.00	5,181.94	14	370.14
2008	<u>98,031.63</u>	<u>3,213</u>	(2)	<u>3,213.00</u>	<u>94,818.63</u>	<u>15</u>	<u>6,321.24</u>
	468,875.34	276,901		317,270.46	151,604.88	3.46%	16,208.27
Book Reserve				274,608.16			
Starting Point Depreciation Reserve				<u>317,270.46</u>			
Book/Amortization Starting Point Depr Reserve Va (Amortize over Amortization Period)				42,662.30		15	<u>2,844.15</u>
Total Amortization Amount						4.06%	19,052.43

(1) Amortization starting point depreciation reserve set equal to original cost

(2) Amortization starting point depreciation reserve set equal to calculated depreciation reserve

Table 7

Montana-Dakota Utilities Company
Gas Division
Account 397.3 - General Telephone Communication Equipment

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		10		R1			
Calculation Year:		2008					
<u>Year</u>	<u>Original Cost</u> <u>12-31</u>	<u>Calculated</u> <u>Reserve</u>	<u>Amortization</u> <u>Starting</u> <u>Depr. Reserve</u>	<u>Remaining</u> <u>Amount To Be</u> <u>Amortized</u>	<u>Remaining</u> <u>Amortization</u> <u>Period (Yrs)</u>	<u>Annual</u> <u>Amortization</u> <u>Amount</u>	
1991	0.00	0 (1)	0.00	0.00	0	0.00	
1992	0.00	0 (1)	0.00	0.00	0	0.00	
1993	1,982.48	1,686 (1)	1,982.48	0.00	0	0.00	
1994	979.46	800 (1)	979.46	0.00	0	0.00	
1995	0.00	0 (1)	0.00	0.00	0	0.00	
1996	5,341.73	3,965 (1)	5,341.73	0.00	0	0.00	
1997	0.00	0 (1)	0.00	0.00	0	0.00	
1998	236.42	155 (1)	236.42	0.00	0	0.00	
1999	2,071.91	1,258 (2)	1,258.00	813.91	1	813.91	
2000	0.00	0 (2)	0.00	0.00	2	0.00	
2001	0.00	0 (2)	0.00	0.00	3	0.00	
2002	11,527.07	5,084 (2)	5,084.00	6,443.07	4	1,610.77	
2003	0.00	0 (2)	0.00	0.00	5	0.00	
2004	3,609.94	1,135 (2)	1,135.00	2,474.94	6	412.49	
2005	31,198.68	7,723 (2)	7,723.00	23,475.68	7	3,353.67	
2006	0.00	0 (2)	0.00	0.00	8	0.00	
2007	0.00	0 (2)	0.00	0.00	9	0.00	
2008	<u>0.00</u>	<u>0</u> (2)	<u>0.00</u>	<u>0.00</u>	<u>10</u>	<u>0.00</u>	
	56,947.69	21,806	23,740.09	33,207.60	10.87%	6,190.84	
Book Reserve			24,756.98				
Starting Point Depreciation Reserve			<u>23,740.09</u>				
Book/Amortization Starting Point Depr Reserve Variar (Amortize over Amortization Period)			-1,016.89		10	<u>-101.69</u>	
Total Amortization Amount					10.69%	6,089.15	

- (1) Amortization starting point depreciation reserve set equal to original cost
(2) Amortization starting point depreciation reserve set equal to calculated depreciation reserve

Table 7

**Montana-Dakota Utilities Company
Gas Division
Account 397.8 - Network Equipment**

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		5		R3			
Calculation Year:		2008					
<u>Year</u>	<u>Original Cost 12-31</u>	<u>Calculated Reserve</u>		<u>Amortization Starting Depr. Reserve</u>	<u>Remaining Amount To Be Amortized</u>	<u>Remaining Amortization Period (Yrs)</u>	<u>Annual Amortization Amount</u>
1997	0.00		(1)	0.00	0.00	0	0.00
1998	0.00		(1)	0.00	0.00	0	0.00
1999	0.00		(1)	0.00	0.00	0	0.00
2000	0.00		(1)	0.00	0.00	0	0.00
2001	4,440.95	3,997	(1)	4,440.95	0.00	0	0.00
2002	1,360.68	1,194	(1)	1,360.68	0.00	0	0.00
2003	2,420.43	2,003	(1)	2,420.43	0.00	0	0.00
2004	1,076.81	798	(2)	798.00	278.81	1	278.81
2005	0.00		(2)	0.00	0.00	2	0.00
2006	31,232.56	14,401	(2)	14,401.00	16,831.56	3	5,610.52
2007	114,735.71	32,898	(2)	32,898.00	81,837.71	4	20,459.43
2008	<u>16,879.67</u>	<u>1,651</u>	(2)	<u>1,651.00</u>	<u>15,228.67</u>	5	<u>3,045.73</u>
	172,146.81	56,942		57,970.06	114,176.75	17.08%	29,394.49
Book Reserve				52,766.76			
Starting Point Depreciation Reserve				<u>57,970.06</u>			
Book/Amortization Starting Point Depr Reserve Val (Amortize over Amortization Period)				5,203.30		5	<u>1,040.66</u>
Total Amortization Amount						17.68%	30,435.15

(1) Amortization starting point depreciation reserve set equal to original cost

(2) Amortization starting point depreciation reserve set equal to calculated depreciation reserve

Table 7

**Montana-Dakota Utilities Company
Gas Division
Account 398 - Miscellaneous Equipment**

Development of Annual Amortization Amount Over Estimated Average Life of Property

Average Service Life-Amortization (Years):		20		R2			
Calculation Year: 2008							
Year	Original Cost 12-31	Calculated Reserve	Amortization Starting Depr. Reserve	Remaining Amount To Be Amortized	Remaining Amortization Period (Yrs)	Annual Amortization Amount	
1980	0.00	0 (1)	0.00	0.00	0	0.00	
1981	0.00	0 (1)	0.00	0.00	0	0.00	
1982	517.46	439 (1)	517.46	0.00	0	0.00	
1983	2,295.46	1,911 (1)	2,295.46	0.00	0	0.00	
1984	940.17	766 (1)	940.17	0.00	0	0.00	
1985	1,072.89	855 (1)	1,072.89	0.00	0	0.00	
1986	150.93	117 (1)	150.93	0.00	0	0.00	
1987	0.00	0 (1)	0.00	0.00	0	0.00	
1988	259.43	191 (1)	259.43	0.00	0	0.00	
1989	512.29	364 (2)	364.00	148.29	1	148.29	
1990	1,079.95	741 (2)	741.00	338.95	2	169.48	
1991	2,406.18	1,586 (2)	1,586.00	820.18	3	273.39	
1992	3,002.27	1,894 (2)	1,894.00	1,108.27	4	277.07	
1993	2,104.05	1,265 (2)	1,265.00	839.05	5	167.81	
1994	20,687.82	11,798 (2)	11,798.00	8,889.82	6	1,481.64	
1995	0.00	0 (2)	0.00	0.00	7	0.00	
1996	2,257.88	1,139 (2)	1,139.00	1,118.88	8	139.86	
1997	1,968.54	925 (2)	925.00	1,043.54	9	115.95	
1998	2,379.33	1,032 (2)	1,032.00	1,347.33	10	134.73	
1999	0.00	0 (2)	0.00	0.00	11	0.00	
2000	493.66	177 (2)	177.00	316.66	12	26.39	
2001	1,357.10	434 (2)	434.00	923.10	13	71.01	
2002	2,240.64	627 (2)	627.00	1,613.64	14	115.26	
2003	541.85	129 (2)	129.00	412.85	15	27.52	
2004	0.00	0 (2)	0.00	0.00	16	0.00	
2005	0.00	0 (2)	0.00	0.00	17	0.00	
2006	10,582.30	1,178 (2)	1,178.00	9,404.30	18	522.46	
2007	0.00	0 (2)	0.00	0.00	19	0.00	
2008	<u>0.00</u>	<u>0</u> (2)	<u>0.00</u>	<u>0.00</u>	<u>20</u>	<u>0.00</u>	
	56,850.20	27,568	28,525.34	28,324.86	6.46%	3,670.85	
Book Reserve			-5,285.64				
Starting Point Depreciation Reserve			<u>28,525.34</u>				
Book/Amortization Starting Point Depr Reserve Variance (Amortize over Amortization Period)			33,810.98		20	<u>1,690.55</u>	
Total Amortization Amount					9.43%	5,361.40	

(1) Amortization starting point depreciation reserve set equal to original cost

(2) Amortization starting point depreciation reserve set equal to calculated depreciation reserve

MONTANA-DAKOTA UTILITIES

Gas Division

General

This report sets forth the results of our study of the depreciable property of Montana-Dakota Utilities - Gas (MDU or the Company) as of December 31, 2008 and contains the basic parameters (recommended average service lives and life characteristics) for the proposed average remaining life depreciation rates. All average service lives set forth in this report are developed based upon plant in service as of December 31, 2008.

The scope of the study included an analysis of MDU's historical data through December 31, 2008, discussions with Company management and staff to identify prior and prospective factors affecting the Company's plant in service, as well as interpretation of past service life data experience and future life expectancies to determine the appropriate average service lives of the Company's surviving plant. The service lives and life characteristics resulting from the in-depth study were utilized together with the Company's plant in service and book depreciation reserve to determine the recommended Average Remaining Life (ARL) depreciation rates for the Company's plant in service as of December 31, 2008.

In preparing the study, the Company's historical investment data were studied using various service life analysis techniques. Further, discussions were held with the MDU's management to obtain an overview of the Company's facilities and to discuss

the general scope of operations together with other factors which could have a bearing on the service lives of the Company's property.

The Company maintains property records containing a summary of its fixed capital investments by property account. This investment data was analyzed and summarized by property group and/or sub group and vintage then utilized as a basis for the various depreciation calculations.

Depreciation Study Overview

There are numerous methods utilized to recover property investment depending upon the goal. For example, accelerated methods such as double declining balance and sum of years digits are methods used in tax accounting to motivate additional investments. Broad Group (BG) and Equal Life Group (ELG) are both Straight Line Grouping Procedures recognized and utilized by various regulatory jurisdictions depending upon the policy of the specific agency.

The Straight Line Group Method of depreciation utilized in this study to develop the recommended depreciation rates is the Broad Group Procedure together with the Average Remaining Life Technique.

The distinction between the Whole Life and Remaining Life Techniques is that under the Whole Life Technique, the depreciation rate is based on the recovery of the investment and average net salvage over the average service life of the property group. In comparison, under the Average Remaining Life Technique, the resulting annual depreciation rate incorporates the recovery of the investment (and future net salvage) less any recovery experienced to date over the average remaining life of the property group.

That is, the Average Remaining Life technique is based upon recovering the net book cost (original cost less book reserve) of the surviving plant in service over its estimated remaining useful life. Any variance between the book reserve and an implied theoretical calculated reserve is compensated for under this procedure. As the Company's book reserve increases above or declines below the theoretical reserve at a specific point in time, the Company's average remaining life depreciation rate in subsequent years will be increased or decreased to compensate for the variance, thereby, assuring full recovery of the Company's investment by the end of the property's life.

The Company, like any other business, includes as an annual operating expense an amount which reflects a portion of the capital investment which was consumed in providing service during the accounting period. The annual depreciation amount to be recognized is based upon the remaining productive life over which the un-depreciated capital investment needs to be recovered. The determination of the productive remaining life for each property group usually includes an in-depth study of past experience in addition to estimates of future expectations.

Annual Depreciation Accrual

Through the utilization of the Average Remaining Life Technique, the Company will recover the un-depreciated fixed capital investment in the appropriate amounts as annual depreciation expense in each year throughout the remaining life of the property. The procedure incorporates the future life expectancy of the property, the vintaged surviving plant in service, and estimated net salvage, together with the book depreciation reserve balance to develop the annual depreciation rate for each property

account. Accordingly, the ARL technique meets the objective of providing a straight line recovery of the un-depreciated fixed capital property investment.

The use of the Average Remaining Life Technique results in charging the appropriate annual depreciation amounts over the remaining life of the property to insure full recovery by the end of the life of the property. The annual expense is calculated on a Straight Line Method rather than by the previously mentioned, "sum of the years digits" or "double declining balance" methods, etc. The "group" refers to the method of calculating annual depreciation on the summation of the investment in any one depreciable group or plant account rather than calculating depreciation for each individual unit.

Under Broad Group Depreciation some units may be over depreciated and other units may be under depreciated at the time when they are retired from service, but overall, the account is fully depreciated when average service life is attained. By comparison, Equal Life Group depreciation rates are designed to fully accrue the cost of the asset group by the time of retirement. For both the Broad Group and Equal Life Group Procedures the full cost of the investment is credited to plant in service when the retirement occurs and likewise the depreciation reserve is debited with an equal retirement cost. No gain or loss is recognized at the time of property retirement because of the assumption that the retired property was at average service life.

Group Depreciation Procedures

Group depreciation procedures are utilized to depreciate property when more than one item of property is being depreciated. Such a procedure is appropriate because all of the items within a specific group typically do not have identical service

lives, but have lives which are dispersed over a range of time. Utilizing a group depreciation procedure allows for a condensed application of depreciation rates to groups of similar property in lieu of extensive depreciation calculations on an item by item basis. The two more common group depreciation procedures are the Broad Group (BG) and Equal Life Group (ELG) approach.

In developing depreciation rates using the Broad Group procedure, the annual depreciation rate is based on the average life of the overall property group, which is then applied to the group's surviving original cost investment. A characteristic of this procedure is that retirements of individual units occurring prior to average service life will be under depreciated, while individual units retired after average service life will be over depreciated when removed from service, but overall, the group investment will achieve full recovery by the end of the life of the total property group. That is, the under recovery occurring early in the life of the account is balanced by the over recovery occurring subsequent to average service life. In summary, the cost of the investment is complete at the end of the property's life cycle, but the rate of recovery does not match the consumption pattern which was used to provide service to the company's customers.

Under the average service life procedure, the annual depreciation rate is calculated by the following formula:

$$\text{Annual Accrual Rate, Percent} = \frac{100\% - \text{Salvage}}{\text{Average Service Life}} \times 100$$

The application of the broad group procedure to life span groups results in each vintage investment having a different average service life. This circumstance exists because the concurrent retirement of all vintages at the anticipated retirement year

results in truncating and, therefore, restricting the life of each successive years vintage investment. An average service life is calculated for each vintage investment in accordance with the above formula. Subsequently, a composite service life and depreciation rate is calculated relative to all vintages within the property group by weighting the life for each vintage by the related surviving vintage investment within the group.

In the Equal Life Group, the property group is subdivided, through the use of plant life tables, into equal life groups. In each equal life group, portions of the overall property group includes that portion which experiences the life of the specific sub-group. The relative size of each sub-group is determined from the overall group life characteristic (property dispersion curve). This procedure both overcomes the disadvantage of voluminous record requirements of unit depreciation, as well as eliminates the need to base depreciation on overall lives as required under the broad group procedure. The application of this procedure results in each sub-group of the property having a single life. In this procedure, the full cost of short lived units is accrued during their lives leaving no under accruals to be recovered by over accruals on long lived plant. The annual depreciation for the group is the summation of the depreciation accruals based on the service life of each Equal Life Group.

The ELG Procedure is viewed as being the more definitive procedure for identifying the life characteristics of utility property and as a basis for developing service lives and depreciation rates, nevertheless, the Broad Group procedure is more widely utilized throughout the utility industry by regulatory commissions as a basis for depreciation rates. That is, the ELG Procedure is more definitive because it allocates

the capital cost of a group property to annual expense in accordance with the consumption of the property group providing service to customers. In this regard, the company's customers are more appropriately charged with the cost of the property consumed in providing them service during the applicable service period. The more timely return of plant cost is accomplished by fully accruing each unit's cost during its service life, thereby not only reducing the risk of incomplete cost recovery, but also resulting in less return on rate base over the life of a depreciable group. The total depreciation expense over the life of the property is the same for all procedures which allocate the full capital cost to expense, but at any specific point in time, the depreciated original cost is less under the ELG procedure than under the BG procedure. This circumstance exists because under the equal life group procedure, the rate base is not maintained at a level of greater than the future service value of the surviving plant as is the case when using the average service life procedure. Consequently, the total return required from the ratepayers is less under the ELG procedure.

While the Equal Life Group procedure has been known to depreciation experts for many years, widespread interest in applying the procedure developed only after high speed electronic computers became available to perform the large volume of arithmetic computations required in developing ELG based depreciation lives and rates. The table on the following page illustrates the procedure for calculating equal life group depreciation accrual rates and summarizes the results of the underlying calculations. Depreciation rates are determined for each age interval (one year increment) during the life of a group of property which was installed in a given year or vintage group. The age of the vintage group is shown in column (A) of the ELG table. The percent surviving at

XYZ UTILITY COMPANY

CALCULATION OF ASL, ARL AND ACCRUED DEPRECIATION FACTORS

Table 8

BASED UPON AN NEW YORK STATE (KIMBALL) h3.00 CURVE USING THE EQUAL LIFE GROUP (ELG) PROCEDURE

AGE AT BEGIN OF INTERVAL	LIFE TABLE BEGIN OF INTERVAL	RETIREMENT DURING INTERVAL	AVERAGE SURVIVING	AGE OF AMOUNT RETIRED	AMOUNT FOR EACH LIFE GROUP	AMOUNT FOR REMAINING LIFE GROUPS	EQUAL LIFE GROUP PROCEDURE			
							AVERAGE SERVICE LIFE	AVERAGE REMAINING LIFE	ELG/ARL DEPR RATE	ACCRUED DEPR RES FACTOR
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
0.0	1.000000	0.0006400	0.9996800	0.25	0.0006400	0.0587873	8.50	8.50	11.76	0.0000000
0.5	0.9993600	0.0029600	0.9978800	1.0	0.0029600	0.1148146	8.69	8.19	11.51	0.0675293
1.5	0.9964000	0.0064000	0.9932000	2.0	0.0032000	0.1117346	8.89	7.39	11.25	0.1687494
2.5	0.9900000	0.0126200	0.9836900	3.0	0.0042067	0.1080313	9.11	6.61	10.98	0.2745562
3.5	0.9773800	0.0227600	0.9660000	4.0	0.0056900	0.1030830	9.37	5.87	10.67	0.3734890
4.5	0.9546200	0.0375500	0.9358450	5.0	0.0075100	0.0964830	9.70	5.20	10.31	0.4639372
5.5	0.9170700	0.0566100	0.8887650	6.0	0.0094350	0.0880105	10.10	4.60	9.90	0.5446406
6.5	0.8604600	0.0780600	0.8214300	7.0	0.0111514	0.0777172	10.57	4.07	9.46	0.6149789
7.5	0.7824000	0.0984200	0.7331900	8.0	0.0123025	0.0659903	11.11	3.61	9.00	0.6750325
8.5	0.6839800	0.1134200	0.6272700	9.0	0.0126022	0.0535379	11.72	3.22	8.54	0.7254808
9.5	0.5705600	0.1195400	0.5107900	10.0	0.0119540	0.0412590	12.38	2.88	8.08	0.7673764
10.5	0.4510200	0.1151700	0.3934350	11.0	0.0104700	0.0300470	13.09	2.59	7.64	0.8019165
11.5	0.3358500	0.1014600	0.2851200	12.0	0.0084550	0.0205853	13.85	2.35	7.22	0.8302857
12.5	0.2343900	0.0817300	0.1935250	13.0	0.0062869	0.0132143	14.65	2.15	6.83	0.8535298
13.5	0.1526600	0.0601800	0.1225700	14.0	0.0042986	0.0079216	15.47	1.97	6.46	0.8724942
14.5	0.0924800	0.0405200	0.0722200	15.0	0.0027013	0.0044216	16.33	1.83	6.12	0.8877583
15.5	0.0519600	0.0249500	0.0394850	16.0	0.0015594	0.0022913	17.23	1.73	5.80	0.8994571
16.5	0.0270100	0.0140400	0.0199900	17.0	0.0008259	0.0010987	18.19	1.69	5.50	0.9068626
17.5	0.0129700	0.0072300	0.0093650	18.0	0.0004017	0.0004849	19.29	1.79	5.18	0.9070652
18.5	0.0057400	0.0000000	0.0057400	19.0	0.0000000	0.0002841	20.21	1.71	4.95	0.9155172
19.5	0.0057400	0.0048600	0.0033100	20.0	0.0002430	0.0001626	20.36	0.86	4.91	0.9576667
20.5	0.0008800	0.0005900	0.0005900	21.0	0.0000276	0.0000272	21.65	1.15	4.62	0.9467615
21.5	0.0003000	0.0002000	0.0002000	22.0	0.0000091	0.0000089	22.49	0.99	4.45	0.9580277
22.5	0.0001000	0.0001000	0.0000500	23.0	0.0000043	0.0000022	23.00	0.50	4.35	0.9782609
23.5	0.0000000	0.0000000	0.0000000	24.0	0.0000000	0.0000000				
		1.0000000				1.0000000				

the beginning of each age interval is determined from the Iowa 10-R3 survivor curve which is set forth in column (B). The percent retired during each age interval, as shown in column (C), is the difference between the percent surviving at successive age intervals. Accordingly, the percentage amount of the vintage group retired defines the size of each equal life group. For example, during the interval 3 1/2 to 4 1/2, 1.93690 percent of the vintage group is retired at an average age of four years. In this case, the 1.93690 percent of the group experiences an equal life of four years. Likewise, 3.00339 percent is retired during the interval 4 1/2 to 5 1/2 and experiences a service life of five years. Furthermore, 4.42969 percent experiences a six-year life; etc. Calculations are made for each age interval from the zero age interval through the end of the life of the vintage group. The average service life for each age interval's equal life group is shown in column (E) of the table.

The amount to be accrued annually for each equal life group is equal to the percentage retired in the equal life group divided by its service life. In as much as additions retirements are assumed, for calculation purposes, to occur at midyear only one-half of the equal life group's annual accrual is allocated to expense during its first and last years of service life. The accrual amount for the property retired during age interval 0 to .5 must be equal to the amount retired to insure full recovery of that component during that period. The accruals for each equal life group during the age intervals of the vintage group's life cycle are shown in column (F). The total accrual for a given year is the summation of the equal life group accruals for that year. For example, the total accrual for the second year, as shown in column (G), is 11.31019 percent and is the sum of all succeeding years remaining equal life group accruals plus

one half of the current years life group accrual listed in column (F). For the zero age interval year the total accrual is equal to one half of the sum of all succeeding years remaining equal life accruals plus the amount for the zero interval equal life group accrual. The one half year accrual for the zero age interval is consistent with the half year convention relative to property during its installation year. The sum of the annual accruals for each age interval contained in column (G) total to 1.000 demonstrating that the developed rates will recover 100% of plant no more and no less. The annual accrual rate which will result in the accrual amount is the ratio of the accrual amount (11.31019 percent) to the average percent surviving during the interval, column (D), (99.74145 percent), which is a rate of 11.34% (column J). Column (J) contains a summary of the accrual rates for each age interval of the property groups life cycle based upon an Iowa 10-R3 survivor curve.

Remaining Life Technique

As previously noted, while I prefer the Average Remaining Life Technique (because it considers all factors in developing the applicable depreciation rates) the NY Commission and its staff have indicated that the Whole Life depreciation Technique should be used to develop depreciation rates other than for Electric generating facilities.

In the Average Remaining Life depreciation technique, the annual accrual is calculated according to the following formula where, (A) the annual depreciation for each group equals, (D) the depreciable cost of plant less (U) the accumulated provision for depreciation less (S) the estimated future net salvage, divided by (R) the composite remaining life of the group:

$$A = \frac{D - U - S}{R}$$

The annual accrual rate (a) is expressed as a percentage of the depreciable plant balance by dividing the equation by (D) the depreciable cost of plant times 100:

$$(a) = \frac{D - U - S}{R} \times \frac{1}{D} \times 100$$

As further indicated by the equation, the accumulated provision for depreciation by vintage is required in order to calculate the remaining life depreciation rate for each property group. In practice, most often such detail is not available; therefore, composite remaining lives are determined for each depreciable group, (i.e., property account).

The remaining life for a depreciable group is calculated by first determining the remaining life for each vintage year in which there is surviving investment. This is accomplished by solving the area under the survivor curve selected to represent the average life and life characteristic of the property account. The remaining life for each vintage is determined by dividing (D) the depreciable cost of each vintage, by (L) its average service life, and multiplying this ratio by its average remaining life (E). The composite remaining life of the group (R) equals the sums of products divided by the sum of the quotients:

$$R \text{ Group} = \frac{\sum D/L \times E}{\sum D/L}$$

The accumulated provision for depreciation, which was the basis for developing the composite average remaining life accrual and annual depreciation rate for each property account as per this report, was obtained from the Company's books and records.

Salvage

Net salvage is the difference between gross salvage, or what is received when an

asset is disposed of, and the cost of removing it from service. Salvage experience is normally included with the depreciation rate so that current accounting periods reflect a proportional share of the ultimate abandonment and removal cost or salvage received at the end of the property service life. Net salvage is said to be positive if gross salvage exceeds the cost of removal, but if cost of removal exceeds gross salvage the result is then negative salvage.

The cost of removal includes such costs as demolishing, dismantling, tearing down, disconnecting or otherwise removing plant, as well as normal environmental clean up costs associated with the property. Salvage includes proceeds received for the sale of plant and materials or the return of equipment to stores for reuse.

Net salvage experience is studied for a period of years to determine the trends which have occurred in the past. These trends are considered together with any changes that are anticipated in the future to determine the future net salvage factor for remaining life depreciation purposes. The net salvage percentage is determined by relating the total net positive or negative salvage to the book cost of the property investment.

Many retired assets generate little, if any, positive salvage. Instead, many of the Company's asset property groups generate negative net salvage at end of their life as a result of the cost of removal (retirement).

The method used to estimate the retirement cost is a standard analysis approach which is used to identify a company's historical experience with regard to what the end of life cost will be relative to the cost of the plant when first placed into service. This information, along with knowledge about the average age of the historical

retirements that have occurred to date, enables the depreciation professional to estimate the level of retirement cost that will be experienced by the Company at the end of each property group's useful life. The study methodology utilized has been extensively set forth in depreciation textbooks and has been the accepted practice by depreciation professionals for many decades. Furthermore, the cost of removal analysis approach is the current standard practice used for mass assets by essentially all depreciation professionals in estimating future net salvage for the purpose of identifying the applicable depreciation for a property group. There is a direct relationship to the installation of specific plant in service and its corresponding removal in that the installation is its beginning of life cost while the removal is its end of life cost. Also, it is important to note that average remaining life based depreciation rates incorporate future net salvage which is routinely more representative of recent versus long-term past average net salvage.

The Company's historical net salvage experience was analyzed to identify the historical net salvage factor for each applicable property group. This analysis routinely identifies that historical retirements have occurred at average ages significantly prior to the property group's average service life. This occurrence of historical retirements, at an age which is significantly younger than the average service life of the property category, clearly demonstrates that the historical data does not appropriately recognize the true level of retirement cost at the end of the property's useful life. An additional level of cost to retire will occur due to the passage of time until all the current in service plant is retired at end of life. That is, the level of retirement costs will increase over time until the average service life is attained. The estimated additional inflation, within the estimate of retirement cost, is related to those additional year's cost increases (primarily higher labor

costs over time) that will occur prior to the end of the property group's average life.

To provide an additional explanation of the issue, several general principles surrounding property retirements and related net salvage need to be highlighted. Those are that as property continues to age, the retirement of assets, if generating positive salvage when retired, will typically generate a lower percent of positive salvage. By comparison, if the class of property is one that typically generates negative net salvage (cost of removal), with increasing age at retirement the negative percentage as related to original cost will typically be greater. This situation is routinely driven by the higher labor cost with the passage of time.

Next, a simple example will aid in a better understanding of the above discussed net salvage analysis and the required adjustment to the historical analysis results. Assume the following scenario. A company has two (2) cars, Car #1 and Car #2, each purchased for \$20,000. Car #1 is retired after 2 years and Car #2, is retired after 10 years. Accordingly, the average life of the two cars is six (6) years (2 Yrs. Plus 10 Yrs./2). Car #1 generates 75% salvage or \$15,000 when retired and Car #2 generates 5% salvage or \$1,000 when retired.

<u>Unit</u>	<u>Cost</u>	<u>Ret. Age (Yrs)</u>	<u>% Salv.</u>	<u>Salvage Amount</u>
Car # 1	\$20,000	2	75%	\$15,000
<u>Car # 2</u>	<u>20,000</u>	<u>10</u>	<u>5%</u>	<u>1,000</u>
Total	40,000	6	40%	16,000

Assume an analysis of the experienced net salvage at year three (3). Based upon the Car #1 retirement, which was retired at a young age (2 Yrs.) as compared to the average six (6) year life of the property group, the analysis indicates that the property group would generate 75% salvage. This analysis indication is incorrect and is the result

of basing the estimate on incomplete data. That is, the estimate is based upon the salvage generated from a retirement that occurred at an age which is far less than the average service life of the property group. The actual total net salvage, that occurred over the average life of the assets (which experienced a six (6) year average life for the property group) is 40% as opposed to the initial incorrect estimate of 75%.

This is exactly the situation with the majority of the Company's historical net salvage data except that most of the Company's plant property groups routinely experience negative net salvage (cost of removal) as opposed to positive salvage.

The total end of life net salvage amount must be incorporated in the development of annual depreciation rates to enable the Company to fully recover its total plant life costs. Otherwise, upon retirement of the plant, the Company will incur end of life costs without having recovered those plant related costs from the customers who benefitted from the use of the expired plant.

With regard to location type properties (e.g. generation facilities, etc.) a company will routinely experience both interim and terminal net salvage. Interim net salvage occurs in conjunction with interim retirements that occur throughout the life of the asset group. This net salvage activity (routinely and largely cost of removal) is attributable to the removal of components within the Company's facilities to enable the placement of a new asset component. Interim net salvage is routinely negative given the care required in removing the defective component so as not to damage the remaining plant in service. Interim net salvage is applicable to the estimated interim retirement assets.

The terminal net salvage component is attributable to the end of life costs incurred (less any gross salvage received) to disconnect, remove, demolish and/or dispose of the

operating asset. Terminal net salvage is attributable to those assets remaining in service subsequent to the occurrence of interim retirements.

The total net salvage incorporated into the depreciation rate for location type plant account investments is the sum of interim and terminal net salvage. Both of the items must be incorporated in the development of annual depreciation rates to enable the Company to fully recover its total plant life costs. Otherwise, upon retirement of the plant, the Company will incur end of life costs without having recovered those plant related costs from the customers who benefitted from the use of the expired facility.

Service Lives

Several factors contribute to the length of time or average service life which the property achieves. The three (3) major categories under which these factors fall are: (1) physical; (2) functional; and (3) contingent casualties.

The physical category includes such things as deterioration, wear and tear and the action of the natural elements. The functional category includes inadequacy, obsolescence and requirements of governmental authorities. Obsolescence occurs when it is no longer economically feasible to use the property to provide service to customers or when technological advances have provided a substitute of superior performance. The remaining factor of contingent casualties relates to retirements caused by accidental damage or construction activity of one type or another.

In performing the life analysis for any property being studied, both past experience and future expectations must be considered in order to fully evaluate the circumstances which may have a bearing on the remaining life of the property. This ensures the selection of an average service life which best represents the expected life of each

property investment.

Survivor Curves

The preparation of a depreciation study or theoretical depreciation reserve typically incorporates smooth curves to represent the experienced or estimated survival characteristics of the property. The "smoothed" or standard survivor curves generally used are the family of curves developed at Iowa State University which are widely used and accepted throughout the utility industry.

The shape of the curves within the Iowa family of curves are dependent upon whether the maximum rate of retirement occurs before, during or after the average service life. If the maximum retirement rate occurs earlier in life, it is a left (L) mode curve; if occurring at average life, it is a symmetrical (S) mode curve; if it occurs after average life, it is a right (R) mode curve. In addition, there is the origin (O) mode curve for plant which has heavy retirements at the beginning of life.

Many times, actual Company data has not completed its life cycle, therefore, the survivor table generated from the Company data is not extended to zero percent surviving. This situation requires an estimate be made with regard to the remaining segment of the property group's life experience. Furthermore, actual Company experience is often erratic, making its utilization for average service life estimating difficult. Accordingly, the Iowa curves are used to both extend Company experience to zero percent surviving as well as to smooth actual Company data.

Study Procedures

Several study procedures were used to determine the prospective service lives recommended for the Company's plant in service. These include the review and

analysis of historical retirements, current and future construction, historical experience and future expectations of salvage and cost of removal as related to plant investment. Service lives are affected by many different factors, some of which can be obtained from studying plant experience, others which may rely heavily on future expectations. When physical aspects are the controlling factor in determining the service life of property, historical experience is a valuable tool in selecting service lives. In the case where changing technology or a less costly alternative develops, then historical experience is of lesser value.

While various methods are available to study historical data, the principal methods utilized to determine average service lives for a Company's property are the Retirement Rate Method, the Simulated Plant Record Method, the Life Span Method, and the Judgment Method.

Retirement Rate Method - The Retirement Rate Method uses actual Company retirement experience to develop a survivor curve (Observed Life Table) which is used to determine the average service life being experienced in the account under study. Computer processing provides the opportunity to review various experience bands throughout the life of the account to observe trends and changes. For each experience band studied, the "observed life table" is constructed based on retirement experience within the band of years. In some cases, the total life of the account has not been achieved and the experienced life table, when plotted, results in a "stub curve." It is this "stub curve" or total life curve, if achieved, which is matched or fitted to a standard Survivor curve. The matching process is performed both by computer analysis, using a least squares technique, and by manually plotting observed life tables to which smooth

curves are fitted. The fitted smooth curve provides the basis to determine the average service life of the property group under study.

Simulated Balances Method - In this method of analysis, simulated surviving balances are determined for each balance included in the test band by multiplying each proceeding year's original gross additions installed by the Company by the appropriate factor of each Standard Survivor Curve, summing the products, and comparing the results with the related year end plant balance to determine the "best fitting" curve and life within the test period. Various test bands are reviewed to determine trends or changes to indicated service lives in various bands of years. By definition, the curve with the "best fit" is the curve which produces simulated plant balances that most closely matches the actual plant balances as determined by the sum of the "least squares". The sum of the "least squares" is arrived at by starting with the difference between the simulated balances and the actual balance for a given year, squaring the difference, and the curve which produces the smallest sum (of squared difference) is judged to be the "best fit".

Period Retirements Method - The application of the Period Retirements Method is similar to the "Simulated Plant Balances" Method, except the procedure utilizes a Standard Survivor Curve and service life to simulate annual retirements instead of balances in performing the "least squares" fitting process during the test period. This procedure does tend to experience wider fluctuations due to the greater variations in level of experienced retirements versus additions and balances thereby producing greater variation in the study results.

Life Span Method - The Life Span or Forecast Method is a method utilized to

study various accounts in which the expected retirement dates of specific property or locations can be reasonably estimated. In the Life Span Method, an estimated probable retirement year is determined for each location of the property group. An example of this would be a structure account, in which the various segments of the account are "life spanned" to a probable retirement date which is determined after considering a number of factors, such as management plans, industry standards, the original construction date, subsequent additions, resultant average age and the current - as well as the overall - expected service life of the property being studied. If, in the past, the property has experienced interim retirements, these are studied to determine an interim retirement rate. Otherwise, interim retirement rate parameters are estimated for properties which are anticipated to experience such retirements. The selected interim service life parameters (Iowa curve and life) are then used with the vintage investment and probable retirement year of the property to determine the average remaining life as of the study date.

Judgment Method - Standard quantitative methods such as the Retirement Rate Method, Simulated Plant Record Method, etc. are normally utilized to analyze a Company's available historical service life data. The results of the analysis together with information provided by management as well as judgment are utilized in estimating the prospective recommended average service lives. However, there are some circumstances where sufficient retirements have not occurred, or where prospective plans or guidelines are unavailable. In these circumstances, judgment alone is utilized to estimate service lives based upon service lives used by other utilities for this class of plant as well as what is considered to be a reasonable life for this plant giving

consideration to the current age and use of the facilities.

MONTANA-DAKOTA UTILITIES CO. - GAS

Study Analysis & Results

ACCOUNT – 374.20 Land Rights

Historical Experience

Plant Statistics Plant Balance = \$322,678
Original Gross Additions = \$275,515
Oldest Surviving Vintage = 1977
Retirements = \$36,507 or 13.3% of historical additions.

Experience Bands 1977-08 (Simulated) 65-R3

Historic Net Salvage: (85-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1977-2008</u>
23%	0%	0%	1%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
9%	10%	9%	0%

Forecasted Net Salvage: 0%

Plant Considerations/Future Expectations

The investments in this limited account are related to rights of way acquired by the Company for the purpose of installing components of its utility plant.

Life Analysis Method: Simulated Plant Analysis Method

Average Remaining Life Development: Full Mortality

Current Depreciation Parameters

ASL/Curve: 65-R2.5
Net Salv: 0%

Proposed Depreciation Parameters

ASL/Curve: 65-R3
Future Net Salv: 0%

New Rate @ New Parameters Old Rate @ Old Parameters

Rate	1.39%	0.75%
Average Remaining Life	57.2 years	N/A

ACCOUNT – 375.00 Distr. Meas. & Reg. Structures And Improvements

Historical Experience

Plant Statistics Plant Balance = \$609,311
Original Gross Additions = \$896,007
Oldest Surviving Vintage = 1918
Retirements = \$145,619 or 16.3% of historical additions.

Experience Bands 1918- 08 (Simulated) 60-R3

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
-54%	-61%	-40%	-26%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
3%	0%	0%	0%

Forecasted Net Salvage: -82%

Plant Considerations/Future Expectations

The costs included in this account investment are related to various distribution related structures. Ongoing changes occur due to required component upgrades as well as changes in business environment conditions. End of life costs relative to rehabilitation or disposal is routinely experience within this property class.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

Interim Retirement ASL/Curve: 55-R2.5
Net Salv: -50%

Proposed Depreciation Parameters

Interim Retirement ASL/Curve: 60-R3
Future Net Salv: -50%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	2.77%	2.57 %
Average Remaining Life	33.0 years	N/A

ACCOUNT – 376.10 Distribution Mains – Steel

Historical Experience

Plant Statistics Plant Balance = \$41,975,049
Original Gross Additions = \$113,372,232 (Total Account)
Oldest Surviving Vintage = 1904
Retirements = \$6,061,120 (Total Account) or 5.3% of historical additions.

Experience Bands 1916 – 2008 (Simulated) 47-R4

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
-27%	-35%	-25%	-32%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
2%	0%	0%	0%

Forecasted Net Salvage: -92%

Plant Considerations/Future Expectations

This property group is comprised of the Company's investment and related experience of Steel Distribution Mains. While portions of this property class (bare steel) were originally installed during earlier years, coated and wrapped steel has continue to be installed for higher pressure and larger size requirements. The earlier vintage assets in this account have aged considerably. Likewise, due to the lack of serviceability of the older vintaged property (which are Bare Steel Mains) contained within the Steel Mains category, they are being replaced.

Life Analysis Method: Simulated Plant Analysis Method

Average Remaining Life Development: Full Mortality

Current Depreciation Parameters

ASL/Curve: 45-R3
Net Salv: -60%

Proposed Depreciation Parameters

ASL/Curve: 47-R4
Future Net Salv: -50%

	<u>New Rate @New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	2.84%	1.92%
Average Remaining Life	22.3 years	N/A

ACCOUNT – 376.20 Distribution Mains – Plastic

Historical Experience

Plant Statistics Plant Balance = \$63,935,959
 Original Gross Additions = \$113,372,232 (Total Account)
 Oldest Surviving Vintage = 1969
 Retirements = \$6,061,120 (Total Account) or 5.3% of historical additions.

Experience Bands 1916 – 2008 (Simulated) 47-R4

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
-27%	-35%	-25%	-32%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
2%	0%	0%	0%

Forecasted Net Salvage: -92%

Plant Considerations/Future Expectations

This property group investment is comprised of the Company’s investment and related experience of Plastic Distribution Mains and are typically related to the more recently installed portions of Mains. Studies of this class of property, in numerous completed depreciation studies, have identified that Plastic Mains routinely experience shorter lives than their metal counterparts. Such shorter lives are the product of higher levels of physical issues (e.g. physical damage, etc) impacting the mains as well as the fact that the Plastic mains have often been installed in areas that experience higher growth and replacements.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 45-R3
 Net Salv: -60%

Proposed Depreciation Parameters

ASL/Curve: 47-R4
 Future Net Salv: -50%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	3.05%	1.92%
Average Remaining Life	33.4 years	N/A

ACCOUNT – 376.30 Mains – Valves

Historical Experience

Plant Statistics Plant Balance = \$447,328
Original Gross Additions = \$113,372,232 (Total Account)
Oldest Surviving Vintage = 1904
Retirements = \$6,061,120 (Total Account) or 5.3% of historical additions.

Experience Bands Estimated 40-R2.5

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
-27%	-35%	-25%	-32%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
2%	0%	0%	0%

Forecasted Net Salvage: -92%

Plant Considerations/Future Expectations

This account is comprised of costs related to recent vintage Valves installed in the distribution system. Given the mechanical nature of the property the class is anticipated to have a shorter life than Mains pipe.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 40-R2.5
Net Salv: -60%

Proposed Depreciation Parameters

ASL/Curve: 40-R2.5
Future Net Salv: -50%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	3.54%	1.92%
Average Remaining Life	26.1 years	N/A

ACCOUNT – 376.40 Mains – Manholes

Historical Experience

Plant Statistics Plant Balance = \$69,919
Original Gross Additions = \$113,372,232 (Total Account)
Oldest Surviving Vintage = 1960
Retirements = \$6,061,120 (Total Account) or 5.3% of historical additions.

Experience Bands 1916-2008 (Simulated) 47-R4

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
-27%	-35%	-25%	-32%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
2%	0%	0%	0%

Forecasted Net Salvage: -92%

Plant Considerations/Future Expectations

The investment in this property category is limited and is anticipated to experience a life generally similar to the overall Mains.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 45-R3
Net Salv: -60%

Proposed Depreciation Parameters

ASL/Curve: 47-R4
Future Net Salv: -50%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	2.89%	1.92%
Average Remaining Life	24.6%	N/A

ACCOUNT – 376.50 Bridge & River Crossings

Historical Experience

Plant Statistics Plant Balance = \$19,818
Original Gross Additions = \$113,372,232 (Total Account)
Oldest Surviving Vintage = 1995
Retirements = \$6,061,120 (Total Account) or 5.3% of historical additions.

Experience Bands 1916-2008 (Simulated) 47-R4

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
-27%	-35%	-25%	-32%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
2%	0%	0%	0%

Forecasted Net Salvage: -92%

Plant Considerations/Future Expectations

The investment in this property category is limited and is anticipated to experience a life generally similar to the overall Mains.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 45-R3
Net Salv: -60%

Proposed Depreciation Parameters

ASL/Curve: 47-R4
Future Net Salv: -50%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	3.13%	1.92%
Average Remaining Life	38.3%	N/A

ACCOUNT – 378 .00 Measuring & Regulating Station Equipment - General

Historical Experience

Plant Statistics Plant Balance = \$2,140,309
 Original Gross Additions = \$2,708,505
 Oldest Surviving Vintage = 1920
 Retirements = \$569,872 or 21.0% of historical additions.

Experience Bands 1920 – 2008 (Simulated) 40-R2

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
-22%	-10%	- 4%	- 7%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
0%	0%	0%	0%

Forecasted Net Salvage: -40%

Plant Considerations/Future Expectations

This account investment is applicable to the costs associated with measuring and regulating vaults and equipment located throughout the Company’s distribution system. This class of property is impacted by system pressure upgrades/changes as well as by manufacture discontinued properties.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 40-R1
 Net Salv: -30%

Proposed Depreciation Parameters

ASL/Curve: 40-R2
 Future Net Salv: -30%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	3.14%	2.96%
Average Remaining Life	27.5 years	N/A

379.00 Measuring & Regulating Station Equipment – City Gate

Historical Experience

Plant Statistics Plant Balance = \$1,028,822
Original Gross Additions = \$2,157,166
Oldest Surviving Vintage = 1951
Retirements = \$458,632 or 21.3% of historical additions.

Experience Bands 1951 – 2008 (Simulated) 27-L0

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			Full Depth
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
0%	0%	0%	21%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
1%	0%	0%	0%

Forecasted Net Salvage: -9%

Plant Considerations/Future Expectations

This account investment is applicable to the costs associated with measuring and regulating vaults and equipment located throughout the Company's City Gate Stations. Similar to general M&R equipment, this class of property is impacted by system pressure upgrades/changes as well as by manufacture discontinued properties.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 35-R2.5
Net Salv: -15%

Proposed Depreciation Parameters

ASL/Curve: 27-L0
Future Net Salv: -15%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	3.14	3.54%
Average Remaining Life	16.0 years	N/A

ACCOUNT - 380.10 Services - Steel

Historical Experience

Plant Statistics Plant Balance = \$7,285,188
Original Gross Additions = \$54,121,206 (Total Account)
Oldest Surviving Vintage = 1928
Retirements = \$3,625,013 (Total Account) or 6.7% of historical additions.

Experience Bands 1920- 2008 (Simulated) 40-R3

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			Full Depth
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
-234%	-240%	-243%	-88%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
0%	0%	0%	0%

Forecasted Net Salvage: -210%

Plant Considerations/Future Expectations

This property group is comprised of the Company's investment and related experience of Steel Services. The older vintage investments within the property group are related to Bare Steel Service which routinely experience higher replacement rates.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 40-R2.5
Net Salv: -175%

Proposed Depreciation Parameters

ASL/Curve: 40-R3
Future Net Salv: -200%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	9.65%	5.66%
Average Remaining Life	13.4 years	N/A

ACCOUNT – 380.20 Services – Plastic

Historical Experience

Plant Statistics Plant Balance = \$42,690,273
Original Gross Additions = \$54,121,206 (Total Account)
Oldest Surviving Vintage = 1969
Retirements = \$3,625,013 (Total Account) or 6.7% of historical additions.

Experience Bands 1920 – 2008 (Simulated) 40-R3

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
-234%	-240%	-243%	-88%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
0%	0%	0%	0%

Forecasted Net Salvage: -210%

Plant Considerations/Future Expectations

This property group is comprised of the Company's investment and related experience of Plastic Services. The future service life of this asset class is anticipated to generally be reflective the recent experience.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 40-R3
Net Salv: -175%

Proposed Depreciation Parameters

ASL/Curve: 40-R3
Future Net Salv: -200%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	7.91%	5.66%
Average Remaining Life	29.0 years	N/A

ACCOUNT – 380.30 Services – Farm & Fuel Lines

Historical Experience

Plant Statistics Plant Balance = \$248,640
 Original Gross Additions = \$54,121,206 (Total Account)
 Oldest Surviving Vintage = 1977
 Retirements = \$3,625,013 (Total Account) or 6.7% of historical additions.

Experience Bands Estimated 30-R1.5

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
-234%	-240%	-243%	-88%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
0	0%	0%	0%

Forecasted Net Salvage: -210%

Plant Considerations/Future Expectations

This property group is comprised of the Company's investment in a limited amount of Farm and Fuel service lines. The future service life of this asset class is anticipated to generally be reflective the recent experience.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 30-R1.5
 Net Salv: -175%

Proposed Depreciation Parameters

ASL/Curve: 30-R1.5
 Future Net Salv: -200%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	11.01%	5.66%
Average Remaining Life	17.9 years	N/A

ACCOUNT – 381 Meters

Historical Experience

Plant Statistics Plant Balance = \$55,172,050
Original Gross Additions = \$63,302,194
Oldest Surviving Vintage = 1956
Retirements = \$7,690,772 or 12.1% of historical additions.

Experience Bands 1933 - 2008 (Simulated) 35-R4

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent		
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>
-25%	-18%	-9%

Full Depth
1968-2008
7%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
10%	15%	16%	0%

Forecasted Net Salvage: -19%

Plant Considerations/Future Expectations

While no specific consideration has been factored into the estimated average service life of meters, in future years the Company's Meter can be anticipated to be impacted by Automated Meter Reading technology. It is anticipated that the Company will investigate the benefits and cost of installing such a Meter system. Under a typical Meter upgrade model/program customer's Meters would routinely be replaced with new property to enhance the efficiency of the Meter reading task. Accordingly, the current service life being achieved by this property class can be anticipated to be materially impacted (shortened) in future years.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 35-R2.5
Net Salv: 0%

Proposed Depreciation Parameters

ASL/Curve: 35-R4
Future Net Salv: -15%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	3.53%	3.19%
Average Remaining Life	24.1 years	N/A

ACCOUNT – 383.00 House Regulators

Historical Experience

Plant Statistics Plant Balance = \$5,555,208
Original Gross Additions = \$6,567,312
Oldest Surviving Vintage = 1946
Retirements = \$1,025,159 or 15.6% of historical additions.

Experience Bands 1946 – 2008 (Simulated) 40-R2

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent

<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>
289%	866%	264%

Full Depth

<u>1968-2008</u>
20%

Gross Salvage Trend Analysis

<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
285%	358%	481%	692%

Forecasted Net Salvage: 691%

Plant Considerations/Future Expectations

The account contains the Company's investments related to the residential gas regulators located at the customer's location. It is believed that in more recent years not all retirements may have been reported. Research is being completed to identify any such not reported retirements.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve 35-R3
Net Salv: 10%

Proposed Depreciation Parameters

ASL/Curve: 40-R2
Future Net Salv: 10%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	1.77%	2.59%
Average Remaining Life	25.4 years	N/A

ACCOUNT – 385.00 Ind. Meas. & Reg. Station Equipment

Historical Experience

Plant Statistics Plant Balance = \$875,377
Original Gross Additions = \$895,516
Oldest Surviving Vintage = 1951
Retirements = \$120,608 or 13.5% of historical additions.

Experience Bands Estimated 35-R2

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent		
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>
0%	0%	0%

Full Depth
1968-2008
-36%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
16%	12%	0%	0%

Forecasted Net Salvage: -13%

Plant Considerations/Future Expectations

The account contains the Company's investments related to the residential gas regulators located at the customer's location. Future activity is not anticipated to be materially different than historical experience.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 35-R2
Net Salv: -15%

Proposed Depreciation Parameters

ASL/Curve: 35-R2
Future Net Salv: -15%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	3.31%	3.04%
Average Remaining Life	23.3 years	N/A

ACCOUNT – 386.10 Misc. Property on Customer Premise

Historical Experience

Plant Statistics Plant Balance = \$1,680
Original Gross Additions = \$1,680
Oldest Surviving Vintage = 1997
Retirements - \$0 or 0% of historical additions.

Experience Bands Estimated 15-R3

Historic Net Salvage: N/A

Forecasted Net Salvage: N/A

Plant Considerations/Future Expectations

The account currently contains only a minimal investment.

Life Analysis Method: Simulated Plant Analysis Method

Average Remaining Life Development: Full Mortality

Current Depreciation Parameters

ASL/Curve: 15-R3
Net Salv: 0%

Proposed Depreciation Parameters

ASL/Curve: 15-R3
Future Net Salv: 0%

	<u>New Rate @New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	2.39%	5.19%
Average Remaining Life	5.1 years	N/A

ACCOUNT – 386.20 CNG Refueling Station

Historical Experience

Plant Statistics Plant Balance = \$261,880
Original Gross Additions = \$465,811
Oldest Surviving Vintage = 1992
Retirements - \$174,931 or 37.6% of historical additions.

Experience Bands Estimated 15-R3

Historic Net Salvage: (06-08)

<u>Three Year Average Net Salvage Percent</u>			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>2006-2008</u>
0%	0%	0%	0%

<u>Gross Salvage Trend Analysis</u>			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
0%	0%	0%	0%

Forecasted Net Salvage: 0%

Plant Considerations/Future Expectations

The account contains the Company's investments related to CNG refueling equipment. The property was placed into service within the more recent years. While retirements have only occurred during one year they have aggregated more than 37 percent of the originally installed plant.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 15-R3
Net Salv: 0%

Proposed Depreciation Parameters

ASL/Curve: 15-R3
Future Net Salv: 0%

	<u>New Rate @New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	0.27%	3.70%
Average Remaining Life	3.3 years	N/A

ACCOUNT – 387.10 Cathodic Protection Equipment

Historical Experience

Plant Statistics Plant Balance = \$1,737,818
Original Gross Additions = \$2,437,225
Oldest Surviving Vintage = 1969
Retirements = \$714,543 or 29.3% of historical additions.

Experience Bands Estimated 20-R1.5

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
0%	-1%	-2%	-1%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
1%	0%	1%	0%

Forecasted Net Salvage: -2%

Plant Considerations/Future Expectations

This account includes the cost related to cathodic protection equipment used to control corrosion of the Company's plant.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 20-R1.5
Net Salv: 0%

Proposed Depreciation Parameters

ASL/Curve: 20-R1.5
Future Net Salv: 0%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	3.21%	5.75%
Average Remaining Life	10.0 years	N/A

ACCOUNT – 387.20 Other Distribution Equipment

Historical Experience

Plant Statistics Plant Balance = \$588,026
Original Gross Additions = \$456,584
Oldest Surviving Vintage = 1950
Retirements = \$764,016 or N/A of historical additions.

Experience Bands Estimated 25-R3

Historic Net Salvage: (77-08)

<u>Three Year Average Net Salvage Percent</u>			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1977-2008</u>
0%	0%	0%	0.2%

<u>Gross Salvage Trend Analysis</u>			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
0%	0%	0%	0%

Forecasted Net Salvage: -0.3%

Plant Considerations/Future Expectations

This account includes the limited cost of non specifically classified equipment related to the distribution plant.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

AS/Curve: 25-R3
Net Salv: 0%

Proposed Depreciation Parameters

ASL/Curve: 25-R3
Future Net Salv: 0%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	1.42%	0.99%
Average Remaining Life	13.8 years	N/A

ACCOUNT – 390.00 Structures And Improvements

Historical Experience

Plant Statistics Plant Balance = \$5,835,295
Original Gross Additions = \$7,544,536
Oldest Surviving Vintage = 1928
Retirements - \$2,183,743 or 28.9% of historical additions.

Experience Bands 1928-2008 (Simulated) 31-R4

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
-1%	108%	115%	62%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
80%	51%	100%	126%

Forecasted Net Salvage: 120%

Plant Considerations/Future Expectations

This investment is related to cost of various General related structures and improvements. Ongoing changes occur due to required component upgrades as well as changes in business environment conditions. End of life costs relative to rehabilitation or disposal is routinely experienced within this property class.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 35-R3
Net Salv: -10%

Proposed Depreciation Parameters

ASL/Curve: 31-R4
Future Net Salv: -10%

	<u>New Rate @New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	3.46%	3.73%
Average Remaining Life	21.9 years	N/A

ACCOUNT – 392.10 Transportation Equipment - Trailers

Historical Experience

Plant Statistics Plant Balance = \$397,060
Original Gross Additions = \$265,847
Oldest Surviving Vintage = 1992
Retirements = \$23,062 or 8.7% of historical additions.

Experience Bands Estimated 8-R0.5

Historic Net Salvage: (96-08)

Three Year Average Net Salvage Percent		
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>
5%	32%	35%

<u>Full Depth</u>
<u>1996-2008</u>
20%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
13%	13%	27%	38%

Forecasted Net Salvage: 38%

Plant Considerations/Future Expectations

This account includes the cost related to trailers use by the Company's workforce.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 8-R3
Net Salv: 15%

Proposed Depreciation Parameters

ASL/Curve: 8-R0.5
Future Net Salv: 15%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	9.67%	4.36%
Average Remaining Life	5.6 years	N/A

ACCOUNT – 392.20 Transportation Equipment – (Cars & Trucks)

Historical Experience

Plant Statistics Plant Balance = \$8,775,094
Original Gross Additions = \$11,097,752
Oldest Surviving Vintage = 1997
Retirements = \$7,705,514 or 69.4% of historical additions.

Experience Bands 1995-2008 (Simulated) 7-R3

Historic Net Salvage: (95-08)

Three Year Average Net Salvage Percent

<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>
20%	21%	21%

<u>Full Depth</u> <u>1995-2008</u> 19%
--

Gross Salvage Trend Analysis

<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
19%	19%	20%	22%

Forecasted Net Salvage: 22%

Plant Considerations/Future Expectations

This investment is related to investments in automobiles & trucks used to maintain the Company's operating property. The Company general vehicle policy is to replace transportation equipment in the 7-8 year life range.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 6-R3

Net Salv: 15%

Proposed Depreciation Parameters

ASL/Curve: 7-R3

Future Net Salv: 20%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	0.00%	21.13%
Average Remaining Life	3.5 years	N/A

ACCOUNT – 396.10 Work Equipment - Trailers

Historical Experience

Plant Statistics Plant Balance = \$530,576
Original Gross Additions = \$550,630
Oldest Surviving Vintage = 1992
Retirements = \$63,724 or 11.6% of historical additions.

Experience Bands Estimated 10-R2

Historic Net Salvage: (96-08)

Three Year Average Net Salvage Percent		
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>
3%	42%	19%

<u>Full Depth</u>
<u>1996-2008</u>
35%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
32%	32%	10%	29%

Forecasted Net Salvage: 29%

Plant Considerations/Future Expectations

This investment is related to investments in work trailers.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 10-R2
Net Salv: 35%

Proposed Depreciation Parameters

ASL/Curve: 10-R2
Future Net Salv: 20%

	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	6.02%	5.76%
Average Remaining Life	4.8 years	N/A

ACCOUNT – 396.20 Power Operated Equipment

Historical Experience

Plant Statistics Plant Balance = \$6,142,234
 Original Gross Additions = \$28,265,694
 Oldest Surviving Vintage = 1996
 Retirements = \$23,046,715 or 81.5% of historical additions.

Experience Bands 1963-2008 (Simulated) 4-L1

Historic Net Salvage: (68-08)

<u>Three Year Average Net Salvage Percent</u>			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
84%	86%	88%	81%

<u>Gross Salvage Trend Analysis</u>			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
87%	79%	83%	93%

Forecasted Net Salvage: 93%

Plant Considerations/Future Expectations

This investment is related to investments in Power Operated equipment such as backhoes and other power equipment. Historic equipment vendor practices and trade in values have resulted in the Company replacing its equipment on quicker than usual basis.

Life Analysis Method: Simulated Plant Analysis Method

Current Depreciation Parameters

ASL/Curve: 7-R2
 Net Salv: 60%

Proposed Depreciation Parameters

ASL/Curve: 4-L1
 Future Net Salv: 80%

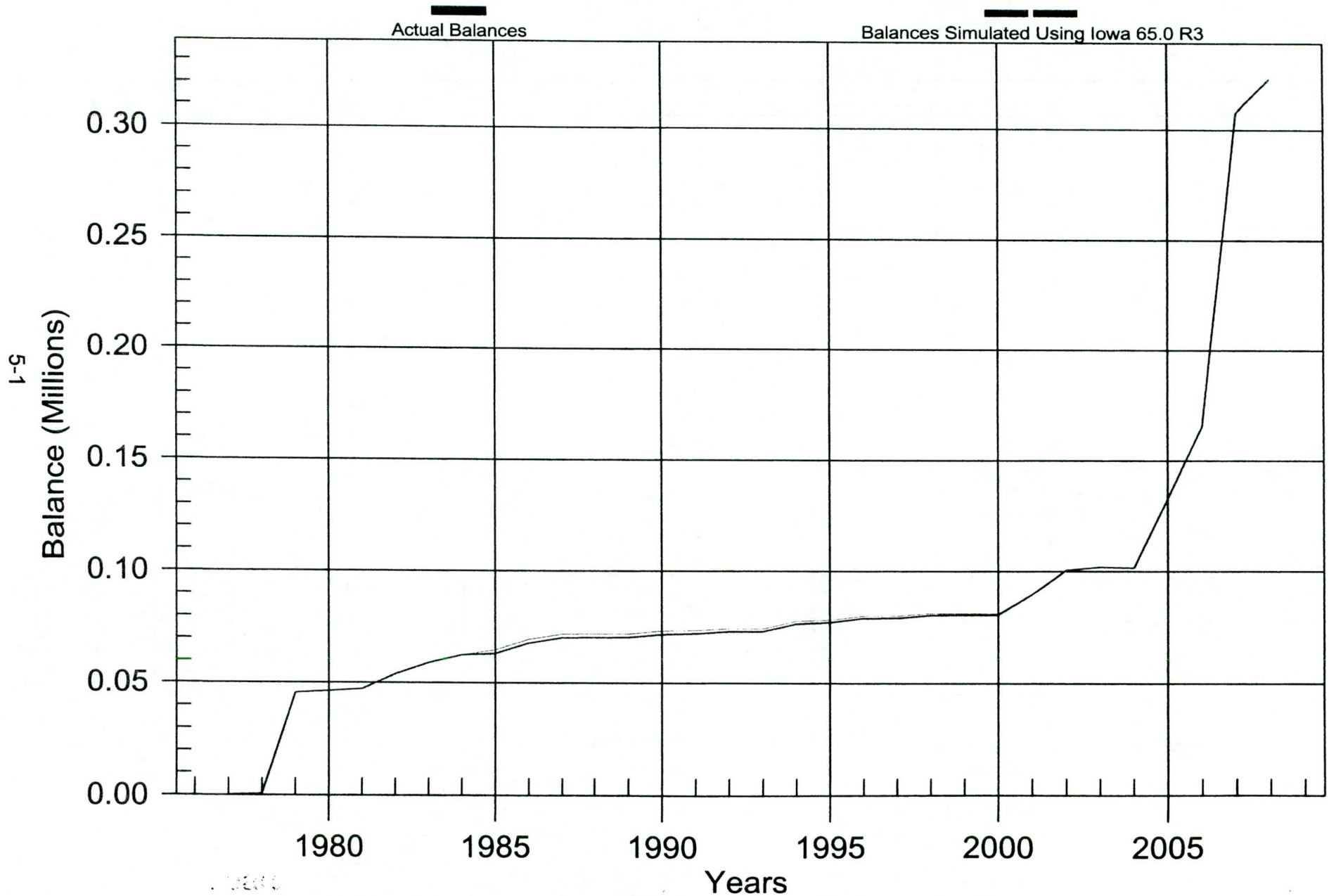
	<u>New Rate @ New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	0.95%	0%
Average Remaining Life	2.6 years	N/A

Montana-Dakota Utilities Company

Gas Division

374.20 LAND RIGHTS

Actual And Simulated Balances 1977-2008

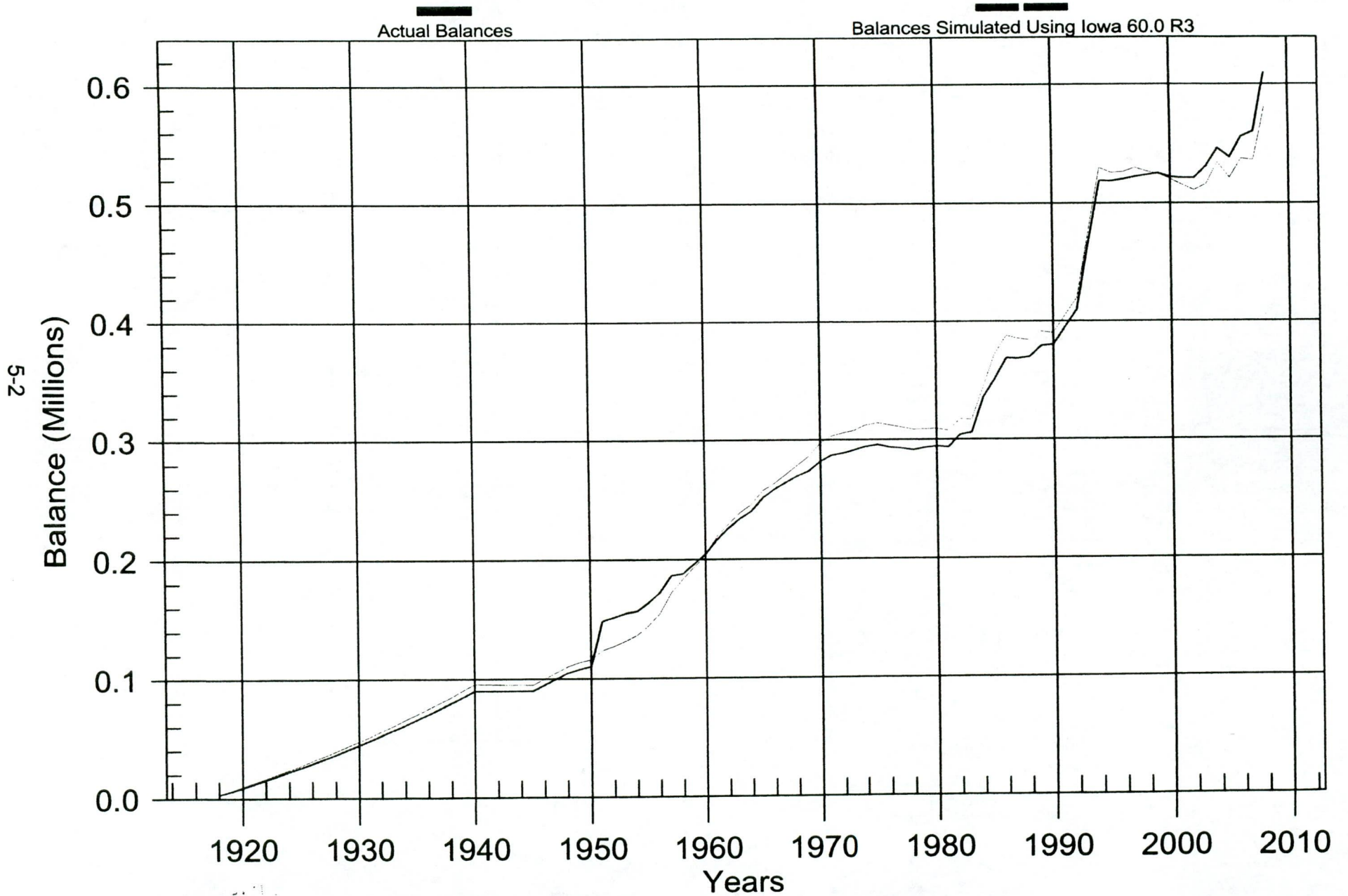


Montana-Dakota Utilities Company

Gas Division

375.00 STRUCTURES & IMPROVEMENTS

Actual And Simulated Balances 1918-2008

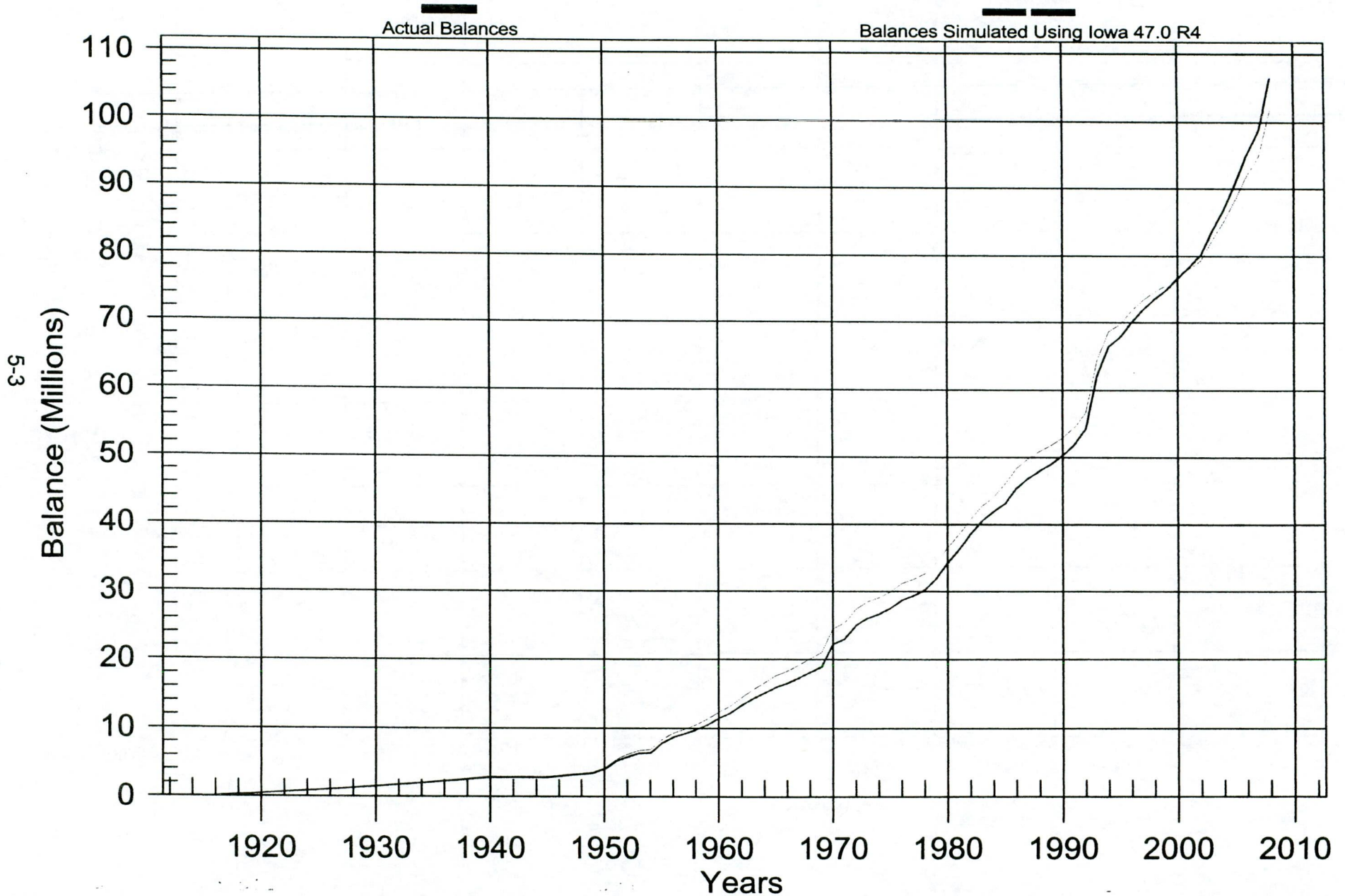


Montana-Dakota Utilities Company

Gas Division

376.00 MAINS

Actual And Simulated Balances 1916-2008

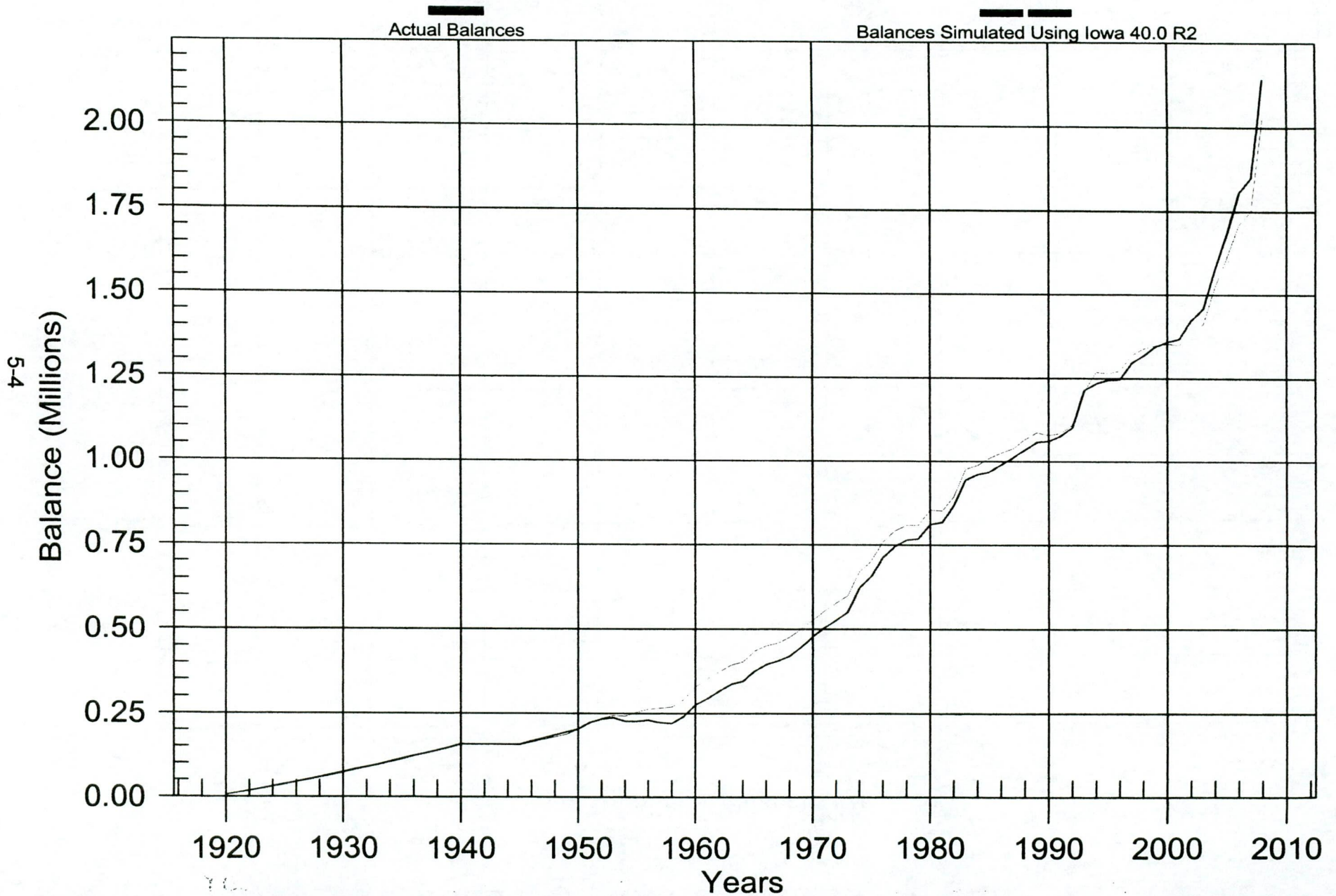


Montana-Dakota Utilities Company

Gas Division

378.00 MEAS. & REG. STATION EQUIP. - GENERAL

Actual And Simulated Balances 1920-2008

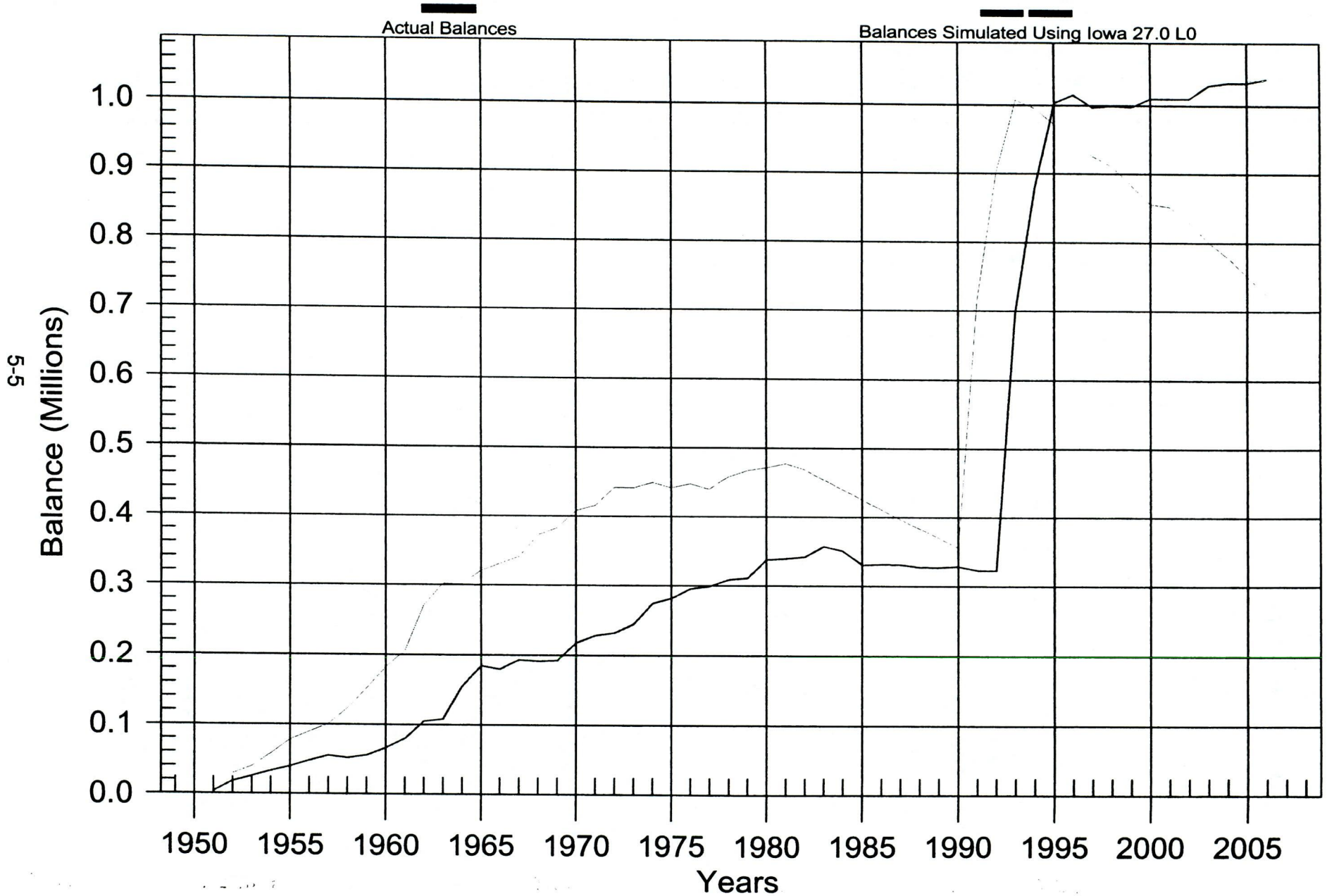


Montana-Dakota Utilities Company

Gas Division

379.00 MEAS. & REG. STATION EQUIP. - CITY GATE

Actual And Simulated Balances 1951-2006

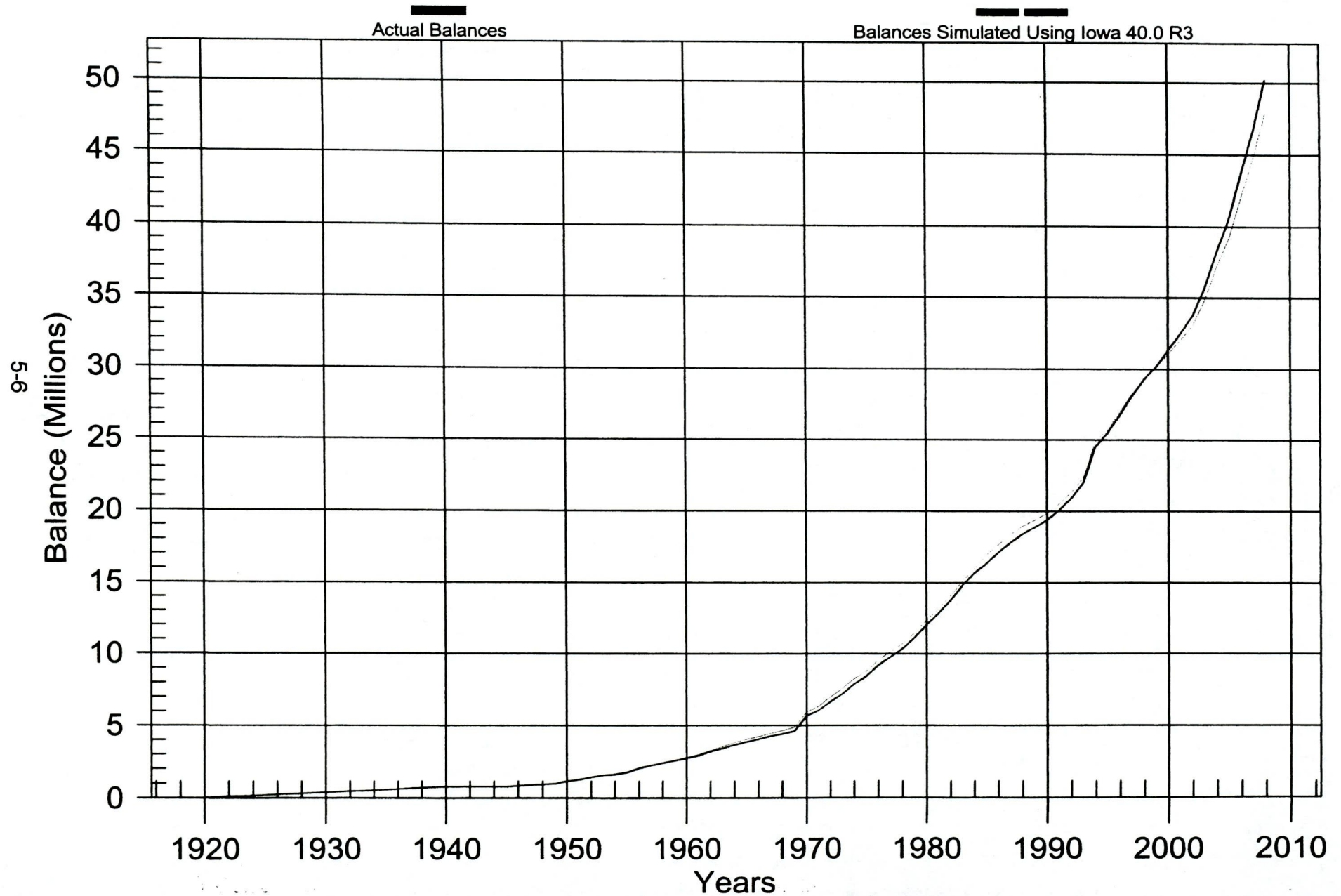


Montana-Dakota Utilities Company

Gas Division

380.00 SERVICES

Actual And Simulated Balances 1920-2008

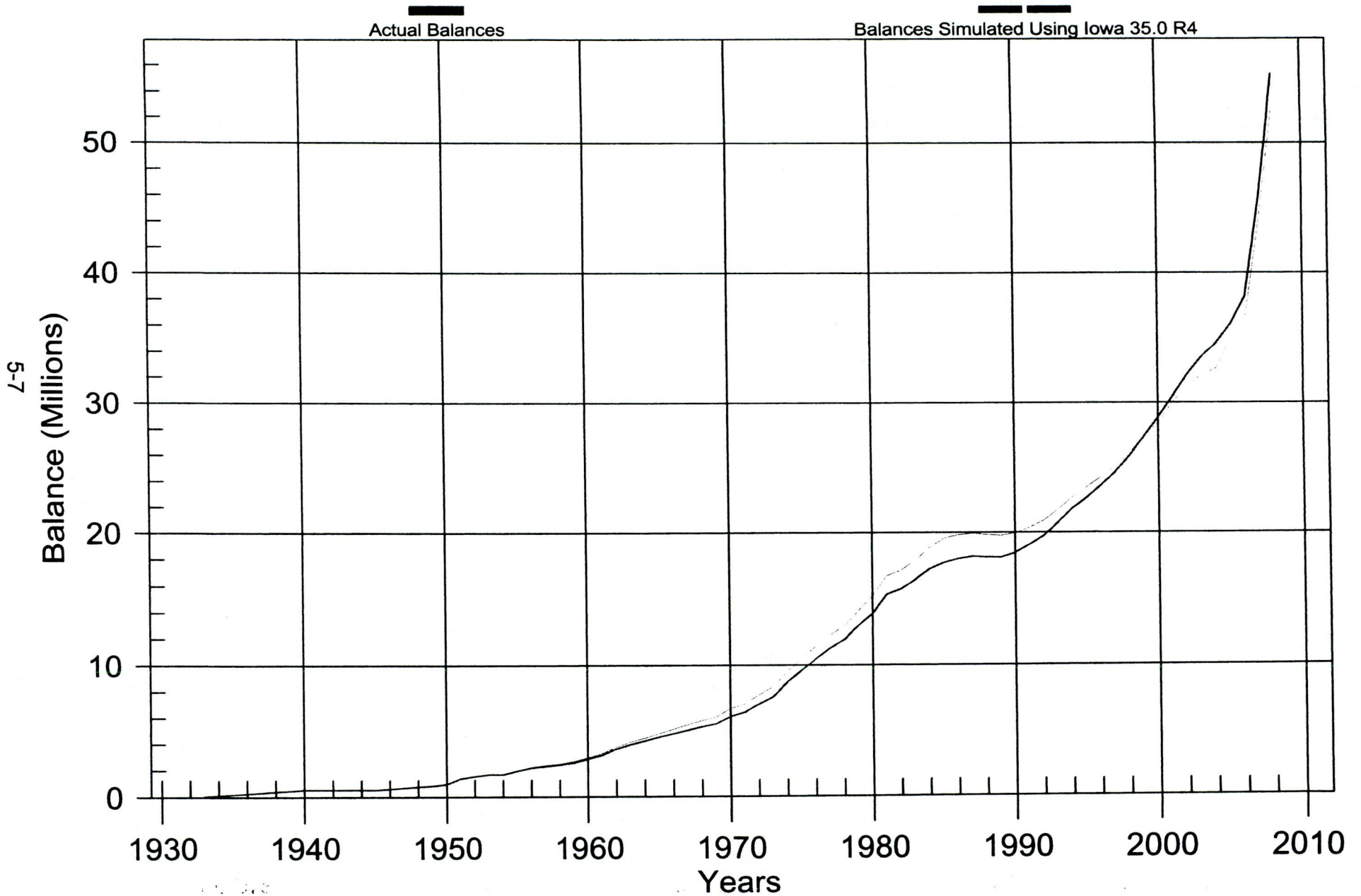


Montana-Dakota Utilities Company

Gas Division

381.00 METERS

Actual And Simulated Balances 1933-2008

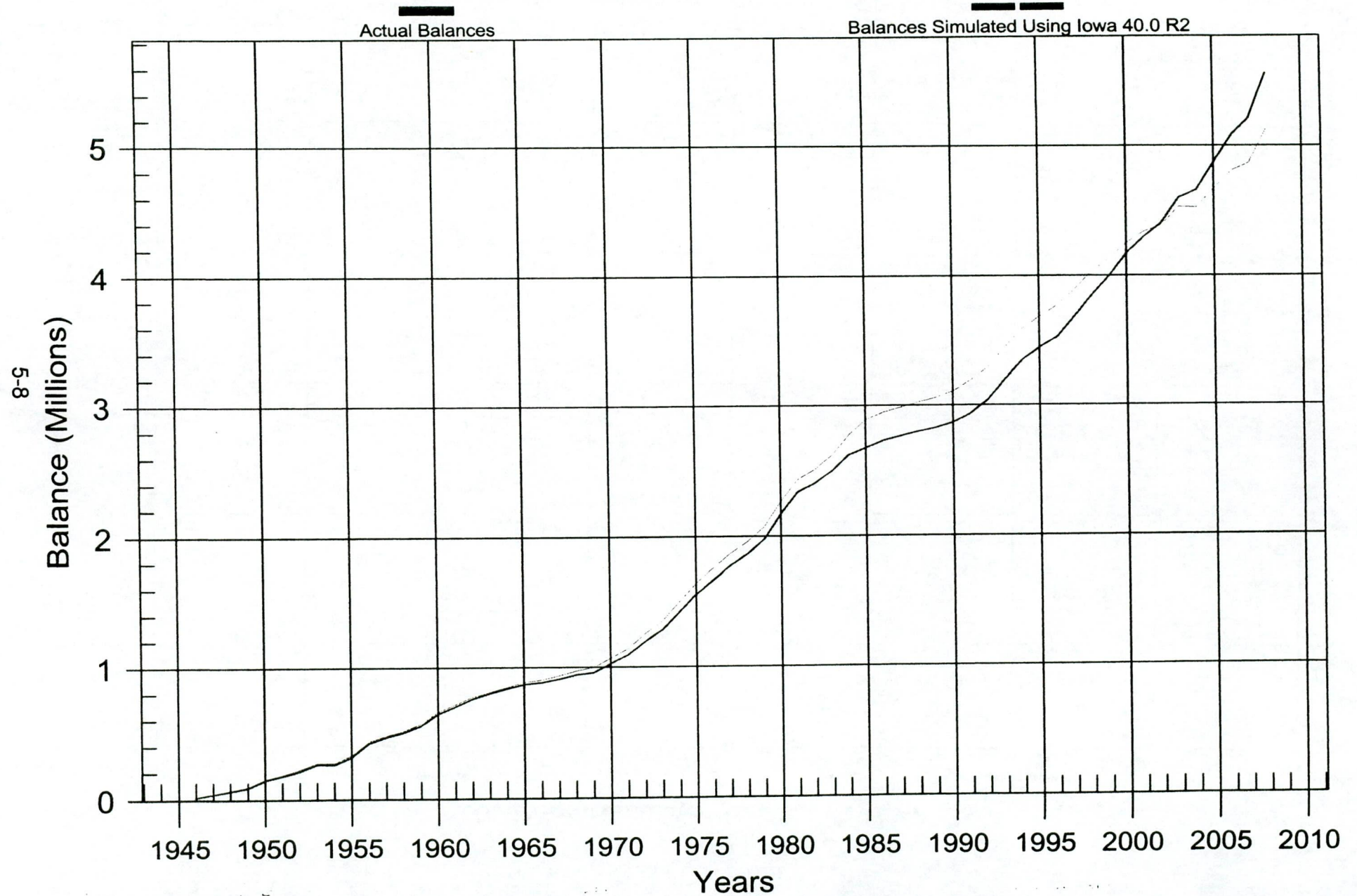


Montana-Dakota Utilities Company

Gas Division

383.00 HOUSE REGULATORS

Actual And Simulated Balances 1946-2008

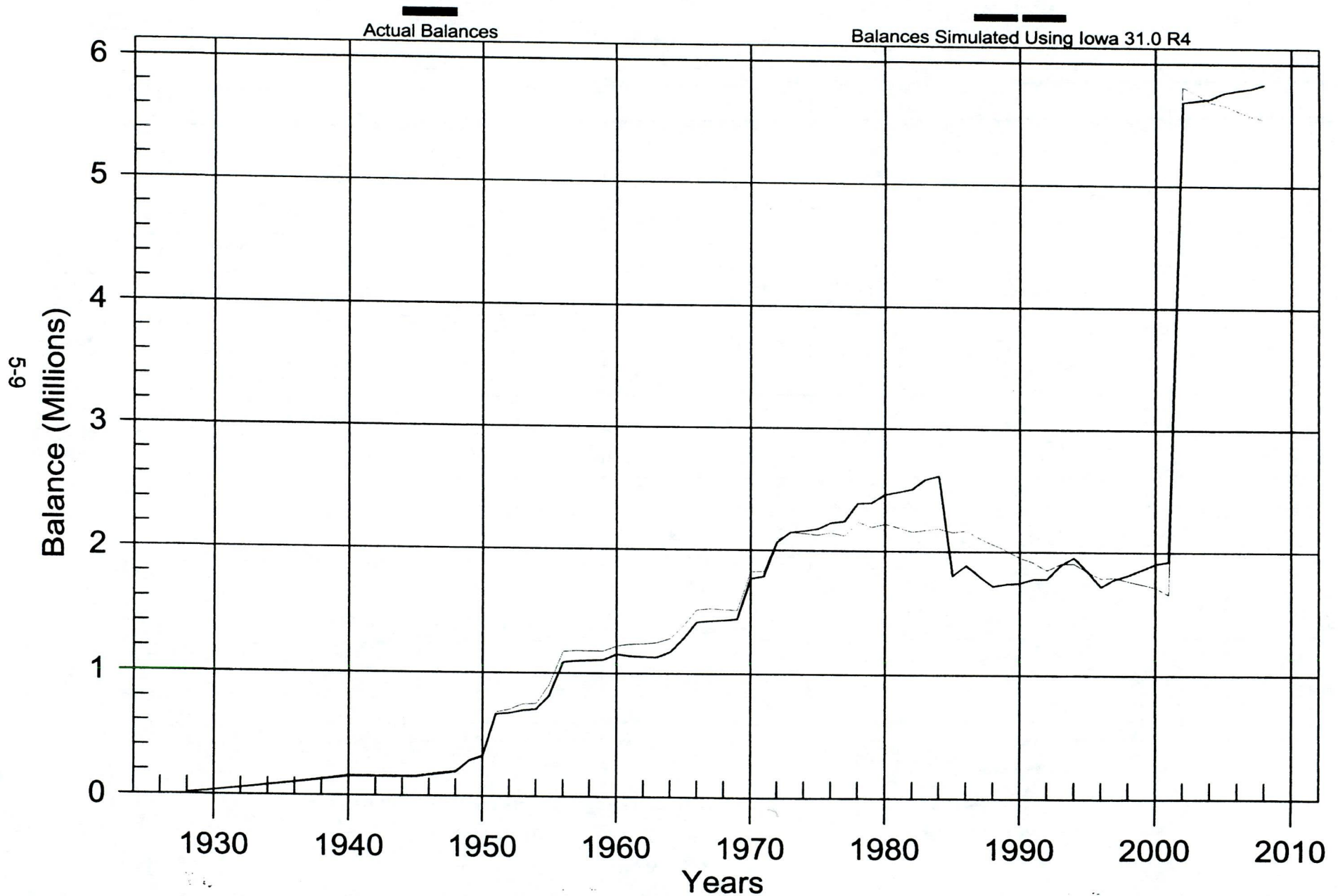


Montana-Dakota Utilities Company

Gas Division

390.00 STRUCTURES & IMPROVEMENTS

Actual And Simulated Balances 1928-2008

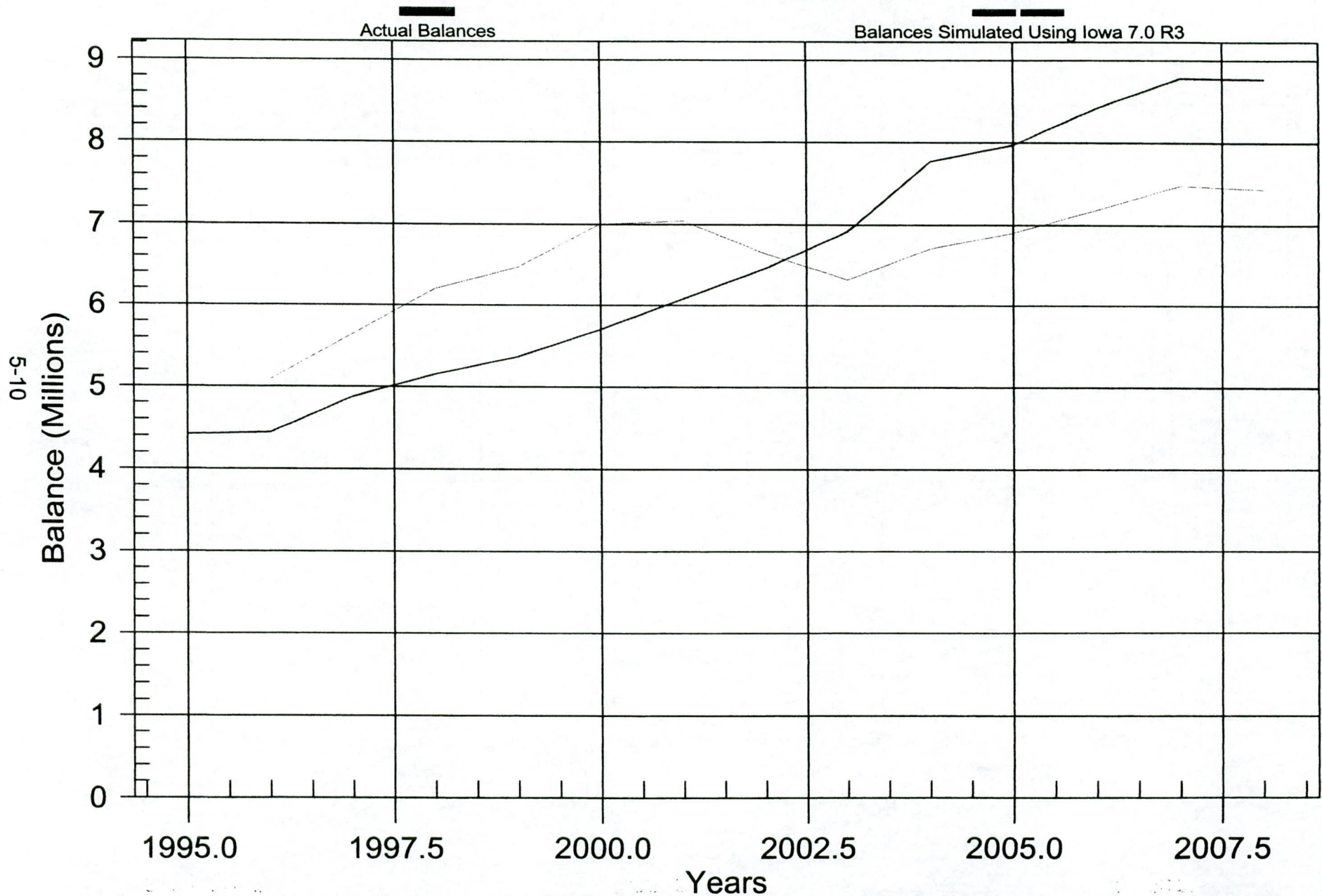


Montana-Dakota Utilities Company

Gas Division

392.20 TRANSPORTATION EQUIPMENT - CARS & TRUCKS

Actual And Simulated Balances 1995-2008

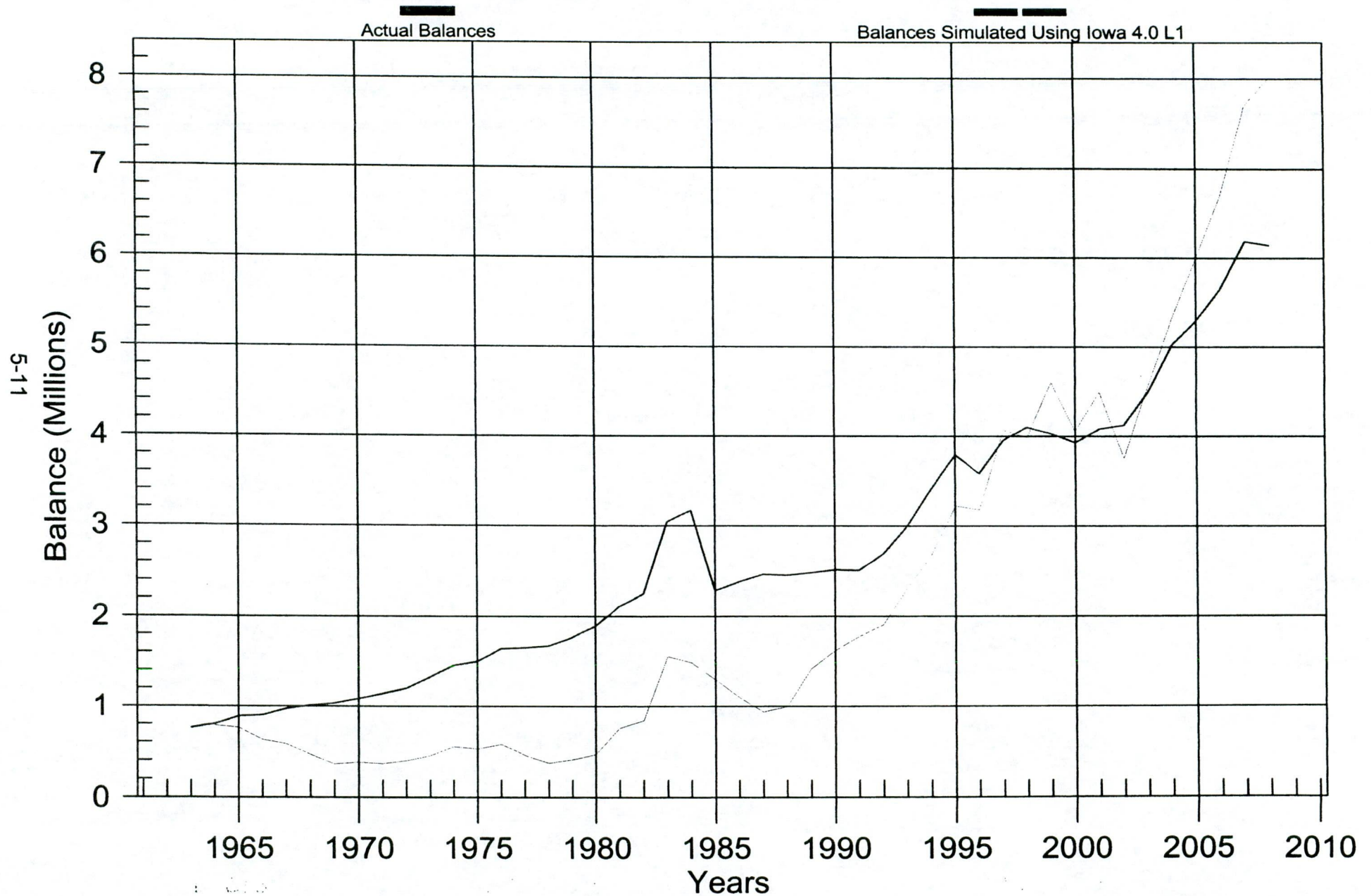


Montana-Dakota Utilities Company

Gas Division

396.20 POWER OPERATED EQUIPMENT

Actual And Simulated Balances 1963-2008



Montana-Dakota Utilities Company

Gas Division

374.20 LAND RIGHTS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 65

Survivor Curve: R3

Year	Original Cost	Avg. Service Life	Avg. Annual Accrual	Avg. Remaining Life	Future Annual Accruals
(1)	(2)	(3)	(4)	(5)	(6)
1977	123.84	65.00	1.91	35.80	68.21
1978	367.89	65.00	5.66	36.64	207.37
1979	44,010.92	65.00	677.09	37.49	25,383.04
1980	838.18	65.00	12.90	38.34	494.44
1981	880.70	65.00	13.55	39.21	531.22
1982	6,579.26	65.00	101.22	40.07	4,056.35
1983	4,970.03	65.00	76.46	40.95	3,131.26
1984	3,479.57	65.00	53.53	41.83	2,239.43
1985	2,255.99	65.00	34.71	42.72	1,482.84
1986	4,636.58	65.00	71.33	43.62	3,111.37
1987	2,388.48	65.00	36.75	44.52	1,635.95
1988	100.97	65.00	1.55	45.43	70.57
1989	50.96	65.00	0.78	46.34	36.33
1990	1,319.11	65.00	20.29	47.26	959.10
1991	374.48	65.00	5.76	48.18	277.60
1992	866.88	65.00	13.34	49.11	655.01
1994	3,384.15	65.00	52.06	50.99	2,654.53
1995	534.85	65.00	8.23	51.93	427.29
1996	1,974.62	65.00	30.38	52.88	1,606.33
1997	120.23	65.00	1.85	53.83	99.57
1998	1,198.38	65.00	18.44	54.78	1,010.03
1999	165.20	65.00	2.54	55.74	141.67
2001	8,907.38	65.00	137.04	57.67	7,903.04
2002	10,670.49	65.00	164.16	58.64	9,626.50
2003	1,465.36	65.00	22.54	59.61	1,343.90
2005	31,178.33	65.00	479.67	61.56	29,530.09
2006	32,961.57	65.00	507.10	62.54	31,715.52

**Montana-Dakota Utilities Company
Gas Division**

374.20 LAND RIGHTS

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 65

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
2007	141,818.68	65.00	2,181.83	63.52	138,599.14
2008	15,054.53	65.00	231.61	64.51	14,940.46
Total	322,677.61	65.00	4,964.27	57.20	283,938.14

Composite Average Remaining Life ... 57.2 Years

**Montana-Dakota Utilities Company
Gas Division**

375.00 STRUCTURES & IMPROVEMENTS

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 60

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1918	2,549.67	60.00	42.49	2.64	112.23
1919	2,613.41	60.00	43.56	2.89	125.71
1920	2,678.75	60.00	44.65	3.14	140.19
1921	2,745.72	60.00	45.76	3.40	155.81
1922	2,814.36	60.00	46.91	3.65	171.44
1923	2,884.72	60.00	48.08	3.93	188.72
1924	2,956.84	60.00	49.28	4.17	205.58
1925	3,030.76	60.00	50.51	4.42	223.47
1926	3,106.53	60.00	51.78	4.68	242.33
1927	3,184.20	60.00	53.07	4.94	262.37
1928	3,263.80	60.00	54.40	5.20	282.74
1929	3,345.40	60.00	55.76	5.47	304.80
1930	3,429.03	60.00	57.15	5.72	326.95
1931	3,514.76	60.00	58.58	5.98	350.42
1932	3,602.63	60.00	60.04	6.25	375.26
1933	3,692.70	60.00	61.55	6.53	401.70
1934	3,785.01	60.00	63.08	6.80	429.21
1935	3,879.64	60.00	64.66	7.10	458.83
1936	3,976.63	60.00	66.28	7.39	489.59
1937	4,076.04	60.00	67.93	7.69	522.38
1938	4,177.94	60.00	69.63	8.00	557.33
1939	4,282.40	60.00	71.37	8.33	594.61
1940	4,389.45	60.00	73.16	8.67	634.12
1946	4,389.45	60.00	73.16	10.98	803.41
1947	4,389.46	60.00	73.16	11.42	835.47
1948	4,389.45	60.00	73.16	11.87	868.60
1949	2,946.37	60.00	49.11	12.34	606.14

Montana-Dakota Utilities Company

Gas Division

375.00 STRUCTURES & IMPROVEMENTS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 60

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1950	2,260.43	60.00	37.67	12.83	483.33
1951	6,436.86	60.00	107.28	13.33	1,430.00
1952	3,100.30	60.00	51.67	13.85	715.54
1953	3,872.92	60.00	64.55	14.38	928.08
1954	4,296.04	60.00	71.60	14.93	1,068.87
1955	6,514.69	60.00	108.58	15.49	1,682.20
1956	8,930.82	60.00	148.85	16.07	2,392.26
1957	14,470.07	60.00	241.17	16.66	4,018.73
1958	9,585.30	60.00	159.76	17.27	2,759.34
1959	8,520.71	60.00	142.01	17.89	2,540.69
1960	8,522.94	60.00	142.05	18.53	2,631.82
1961	13,248.79	60.00	220.81	19.18	4,234.46
1962	8,989.91	60.00	149.83	19.84	2,972.32
1963	8,131.68	60.00	135.53	20.51	2,779.57
1964	6,371.60	60.00	106.19	21.20	2,250.79
1965	9,992.23	60.00	166.54	21.89	3,645.32
1966	5,828.89	60.00	97.15	22.60	2,195.38
1967	6,612.01	60.00	110.20	23.32	2,569.62
1968	7,048.88	60.00	117.48	24.05	2,825.07
1969	6,707.67	60.00	111.79	24.78	2,770.83
1970	10,359.50	60.00	172.66	25.54	4,408.85
1971	5,664.76	60.00	94.41	26.29	2,482.27
1972	3,152.21	60.00	52.54	27.06	1,421.73
1973	2,925.15	60.00	48.75	27.84	1,357.28
1974	4,943.72	60.00	82.40	28.63	2,358.75
1975	2,684.77	60.00	44.75	29.42	1,316.52
1979	1,871.19	60.00	31.19	32.69	1,019.54

Montana-Dakota Utilities Company
Gas Division

375.00 STRUCTURES & IMPROVEMENTS

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 60

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1980	1,902.46	60.00	31.71	33.53	1,063.15
1981	547.81	60.00	9.13	34.37	313.85
1982	10,227.11	60.00	170.45	35.23	6,004.86
1983	1,482.50	60.00	24.71	36.09	891.69
1984	24,793.29	60.00	413.22	36.96	15,272.14
1985	24,176.80	60.00	402.95	37.84	15,245.69
1986	15,234.12	60.00	253.90	38.72	9,830.83
1987	476.01	60.00	7.93	39.61	314.23
1988	1,364.46	60.00	22.74	40.51	921.15
1989	8,732.82	60.00	145.55	41.41	6,026.85
1990	1,621.38	60.00	27.02	42.32	1,143.59
1991	14,966.44	60.00	249.44	43.24	10,784.66
1992	15,110.26	60.00	251.84	44.16	11,120.15
1993	48,046.30	60.00	800.77	45.08	36,102.18
1994	47,764.38	60.00	796.07	46.02	36,633.27
1996	3,737.66	60.00	62.29	47.90	2,983.78
1997	6,437.20	60.00	107.29	48.85	5,240.52
1998	1,253.75	60.00	20.90	49.80	1,040.57
1999	1,684.23	60.00	28.07	50.75	1,424.68
2000	552.36	60.00	9.21	51.71	476.08
2003	8,264.23	60.00	137.74	54.62	7,522.56
2004	19,358.84	60.00	322.65	55.59	17,935.56
2006	21,838.49	60.00	363.98	57.54	20,944.38
2007	4,224.14	60.00	70.40	58.52	4,120.23
2008	50,374.93	60.00	839.58	59.51	49,961.50

Montana-Dakota Utilities Company

Gas Division

375.00 STRUCTURES & IMPROVEMENTS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 60

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
Total	609,311.13	60.00	10,155.19	33.01	335,246.70

Composite Average Remaining Life ... 33.0 Years

Montana-Dakota Utilities Company

Gas Division

376.10 MAINS - STEEL

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 47

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1904	469.74	0.00	0.00	0.00	0.00
1905	755.55	0.00	0.00	0.00	0.00
1926	0.46	0.00	0.00	0.00	0.00
1927	7.90	0.00	0.00	0.00	0.00
1928	37.89	0.00	0.00	0.00	0.00
1929	111.24	0.00	0.00	0.00	0.00
1930	253.98	0.00	0.00	0.00	0.00
1931	493.63	0.00	0.00	0.00	0.00
1932	703.03	0.00	0.00	0.00	0.00
1933	655.15	0.00	0.00	0.00	0.00
1934	450.01	0.00	0.00	0.00	0.00
1935	418.47	0.00	0.00	0.00	0.00
1936	2,005.57	0.00	0.00	0.00	0.00
1937	4,246.91	47.00	90.36	0.50	45.18
1938	1,424.88	47.00	30.32	0.51	15.35
1939	2,306.00	47.00	49.06	0.61	29.73
1940	923.00	47.00	19.64	0.76	14.91
1946	24,144.41	47.00	513.71	2.04	1,047.40
1947	34,507.81	47.00	734.20	2.29	1,678.51
1948	39,544.48	47.00	841.36	2.54	2,136.18
1949	46,827.51	47.00	996.32	2.80	2,786.18
1950	218,884.19	47.00	4,657.06	3.05	14,192.90
1951	476,663.48	47.00	10,141.66	3.32	33,629.07
1952	296,702.94	47.00	6,312.76	3.59	22,658.37
1953	270,639.75	47.00	5,758.23	3.87	22,279.19
1954	74,257.30	47.00	1,579.93	4.16	6,568.24
1955	731,467.72	47.00	15,562.97	4.46	69,354.32

Montana-Dakota Utilities Company
Gas Division

376.10 MAINS - STEEL

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 47

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1956	538,098.79	47.00	11,448.78	4.77	54,600.66
1957	314,770.47	47.00	6,697.17	5.10	34,146.89
1958	391,106.28	47.00	8,321.32	5.45	45,327.76
1959	546,461.29	47.00	11,626.71	5.82	67,689.88
1960	720,787.84	47.00	15,335.74	6.22	95,445.84
1961	630,728.66	47.00	13,419.61	6.66	89,315.49
1962	927,542.70	47.00	19,734.73	7.12	140,509.86
1963	863,732.22	47.00	18,377.08	7.62	140,005.30
1964	826,387.83	47.00	17,582.53	8.15	143,331.25
1965	840,851.87	47.00	17,890.27	8.72	155,995.76
1966	599,061.81	47.00	12,745.86	9.32	118,841.55
1967	846,189.44	47.00	18,003.83	9.95	179,174.21
1968	1,040,360.26	47.00	22,135.08	10.60	234,704.74
1969	938,031.03	47.00	19,957.89	11.27	224,987.59
1970	3,206,435.77	47.00	68,221.29	11.96	815,800.21
1971	777,937.31	47.00	16,551.68	12.66	209,501.66
1972	819,681.51	47.00	17,439.84	13.37	233,197.72
1973	904,826.77	47.00	19,251.42	14.10	271,466.59
1974	441,083.34	47.00	9,384.65	14.85	139,359.15
1975	56,815.00	47.00	1,208.82	15.61	18,871.56
1976	719,735.33	47.00	15,313.35	16.39	250,979.40
1977	398,931.83	47.00	8,487.82	17.18	145,850.76
1978	356,063.94	47.00	7,575.75	17.99	136,312.37
1979	692,815.95	47.00	14,740.60	18.82	277,394.72
1980	838,852.11	47.00	17,847.72	19.66	350,860.12
1981	1,021,359.93	47.00	21,730.82	20.51	445,767.12
1982	1,208,817.07	47.00	25,719.23	21.38	549,978.60

Montana-Dakota Utilities Company
Gas Division

376.10 MAINS - STEEL

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 47

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
(1)	(2)	(3)	(4)	(5)	(6)
1983	965,584.46	47.00	20,544.12	22.27	457,429.93
1984	320,731.56	47.00	6,824.00	23.16	158,042.93
1985	788,387.51	47.00	16,774.02	24.07	403,676.48
1986	1,209,008.32	47.00	25,723.30	24.98	642,621.61
1987	344,343.54	47.00	7,326.38	25.91	189,815.96
1988	568,793.49	47.00	12,101.86	26.84	324,864.86
1989	444,873.54	47.00	9,465.29	27.79	263,033.78
1990	442,123.14	47.00	9,406.77	28.74	270,359.95
1991	545,918.18	47.00	11,615.15	29.70	344,963.68
1992	632,954.05	47.00	13,466.96	30.66	412,950.34
1993	1,087,025.48	47.00	23,127.95	31.63	731,625.84
1994	385,968.63	47.00	8,212.01	32.61	267,780.87
1995	93,201.40	47.00	1,982.99	33.59	66,602.95
1996	160,286.25	47.00	3,410.31	34.57	117,892.68
1997	103,532.09	47.00	2,202.79	35.56	78,320.69
1998	263,997.66	47.00	5,616.91	36.54	205,260.65
1999	411,147.59	47.00	8,747.73	37.53	328,333.80
2000	415,155.29	47.00	8,832.99	38.53	340,297.94
2001	112,871.05	47.00	2,401.49	39.52	94,905.47
2002	177,935.15	47.00	3,785.81	40.51	153,380.27
2003	1,137,902.51	47.00	24,210.43	41.51	1,004,988.12
2004	1,103,475.58	47.00	23,477.95	42.51	997,988.29
2005	1,561,295.64	47.00	33,218.69	43.51	1,445,185.25
2006	368,109.51	47.00	7,832.03	44.50	348,551.72
2007	513,100.14	47.00	10,916.90	45.50	496,740.71
2008	4,120,958.34	47.00	87,679.00	46.50	4,077,155.34

Montana-Dakota Utilities Company

Gas Division

376.10 MAINS - STEEL

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 47

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
Total	41,975,049.45	39.36	892,940.98	22.36	19,968,622.34

Composite Average Remaining Life ... 22.3 Years

Montana-Dakota Utilities Company

Gas Division

376.20 MAINS - PLASTIC

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 47

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1969	135,279.43	47.00	2,878.25	11.27	32,446.89
1970	375,086.60	47.00	7,980.48	11.96	95,431.73
1971	142,625.39	47.00	3,034.55	12.66	38,409.59
1972	1,294,061.62	47.00	27,532.92	13.37	368,157.89
1973	297,950.57	47.00	6,339.30	14.10	89,391.28
1974	65,675.19	47.00	1,397.33	14.85	20,749.91
1975	893,346.54	47.00	19,007.16	15.61	296,732.33
1976	652,826.63	47.00	13,889.78	16.39	227,647.62
1977	318,479.60	47.00	6,776.09	17.18	116,437.16
1978	523,726.09	47.00	11,142.99	17.99	200,498.66
1979	1,099,370.09	47.00	23,390.60	18.82	440,173.84
1980	1,499,614.40	47.00	31,906.34	19.66	627,232.00
1981	1,106,155.39	47.00	23,534.96	20.51	482,775.64
1982	1,140,141.23	47.00	24,258.06	21.38	518,732.98
1983	1,178,844.50	47.00	25,081.52	22.27	558,458.41
1984	1,247,938.59	47.00	26,551.59	23.16	614,931.28
1985	1,266,384.82	47.00	26,944.06	24.07	648,424.48
1986	1,207,695.76	47.00	25,695.37	24.98	641,923.95
1987	1,245,600.97	47.00	26,501.86	25.91	686,625.19
1988	798,772.36	47.00	16,994.97	26.84	456,216.67
1989	616,172.76	47.00	13,109.91	27.79	364,315.32
1990	900,428.29	47.00	19,157.84	28.74	550,615.25
1991	1,258,329.77	47.00	26,772.68	29.70	795,133.93
1992	1,909,825.75	47.00	40,634.14	30.66	1,246,003.85
1993	6,716,425.25	47.00	142,901.10	31.63	4,520,510.63
1994	4,144,868.16	47.00	88,187.72	32.61	2,875,664.84
1995	1,260,540.60	47.00	26,819.72	33.59	900,798.89

**Montana-Dakota Utilities Company
Gas Division**

376.20 MAINS - PLASTIC

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 47

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1996	2,326,335.52	47.00	49,495.96	34.57	1,711,050.83
1997	1,961,601.15	47.00	41,735.74	35.56	1,483,925.97
1998	1,434,972.07	47.00	30,530.99	36.54	1,115,704.21
1999	1,002,858.81	47.00	21,337.19	37.53	800,861.91
2000	1,465,621.71	47.00	31,183.10	38.53	1,201,352.99
2001	1,596,263.87	47.00	33,962.69	39.52	1,342,188.03
2002	1,642,908.92	47.00	34,955.13	40.51	1,416,189.02
2003	3,159,607.85	47.00	67,224.96	41.51	2,790,545.16
2004	2,466,222.75	47.00	52,472.25	42.51	2,230,462.98
2005	3,699,727.95	47.00	78,716.75	43.51	3,424,586.68
2006	3,378,408.81	47.00	71,880.25	44.50	3,198,912.73
2007	3,274,264.95	47.00	69,664.45	45.50	3,169,869.93
2008	3,230,998.08	47.00	68,743.89	46.50	3,196,654.76
Total	63,935,958.79	47.00	1,360,324.62	33.45	45,496,745.44

Composite Average Remaining Life ... 33.4 Years

Montana-Dakota Utilities Company
Gas Division

376.30 MAINS - VALVES

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 40

Survivor Curve: R2.5

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1904	627.59	0.00	0.00	0.00	0.00
1977	1,442.20	40.00	36.05	14.21	512.47
1978	1,809.82	40.00	45.25	14.85	671.99
1979	8,309.96	40.00	207.75	15.50	3,221.12
1980	3,512.48	40.00	87.81	16.18	1,420.39
1981	2,710.94	40.00	67.77	16.86	1,142.60
1982	10,041.69	40.00	251.04	17.56	4,408.04
1983	1,791.09	40.00	44.78	18.27	818.13
1984	8,052.13	40.00	201.30	19.00	3,824.43
1985	38,658.45	40.00	966.46	19.74	19,075.05
1986	10,734.69	40.00	268.37	20.49	5,498.79
1987	28,426.45	40.00	710.66	21.25	15,103.91
1988	24,014.92	40.00	600.37	22.03	13,226.32
1989	8,493.27	40.00	212.33	22.82	4,844.81
1990	5,192.49	40.00	129.81	23.62	3,065.75
1991	3,640.35	40.00	91.01	24.43	2,222.98
1992	13,194.19	40.00	329.85	25.25	8,327.86
1993	142,145.32	40.00	3,553.62	26.08	92,668.81
1994	17,817.20	40.00	445.43	26.92	11,990.28
1995	4,300.00	40.00	107.50	27.77	2,985.08
1997	5,405.53	40.00	135.14	29.50	3,986.05
1999	36,828.93	40.00	920.72	31.26	28,780.04
2000	8,767.06	40.00	219.18	32.15	7,046.81
2001	4,650.56	40.00	116.26	33.05	3,842.65
2004	28,251.97	40.00	706.30	35.79	25,280.14
2005	495.32	40.00	12.38	36.72	454.68
2008	28,013.49	40.00	700.33	39.53	27,682.69

Montana-Dakota Utilities Company

Gas Division

376.30 MAINS - VALVES

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 40

Survivor Curve: R2.5

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
Total	447,328.09	38.52	11,167.47	26.16	292,101.86

Composite Average Remaining Life ... 26.1 Years

**Montana-Dakota Utilities Company
Gas Division**

376.40 MAINS - MANHOLES

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 47

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
(1)	(2)	(3)	(4)	(5)	(6)
1960	9.90	47.00	0.21	6.22	1.31
1978	3,706.52	47.00	78.86	17.99	1,418.97
1979	1,211.43	47.00	25.77	18.82	485.04
1980	7,430.06	47.00	158.08	19.66	3,107.71
1981	4,708.73	47.00	100.18	20.51	2,055.10
1982	10,590.76	47.00	225.33	21.38	4,818.51
1983	4,593.08	47.00	97.72	22.27	2,175.90
1984	2,952.00	47.00	62.81	23.16	1,454.62
1985	5,397.11	47.00	114.83	24.07	2,763.47
1986	1,716.97	47.00	36.53	24.98	912.62
1987	3,512.13	47.00	74.73	25.91	1,936.03
1988	3,739.38	47.00	79.56	26.84	2,135.74
1990	9,279.86	47.00	197.44	28.74	5,674.67
1991	1,140.52	47.00	24.27	29.70	720.69
1993	4,344.30	47.00	92.43	31.63	2,923.94
1995	2,299.05	47.00	48.92	33.59	1,642.93
1996	3,287.49	47.00	69.95	34.57	2,417.99
Total	69,919.29	47.00	1,487.63	24.63	36,645.24

Composite Average Remaining Life ... 24.6 Years

Montana-Dakota Utilities Company

Gas Division

376.50 MAINS - BRIDGE & RIVER CROSSINGS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 47

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1995	8,923.21	47.00	189.85	33.59	6,376.64
1996	39.60	47.00	0.84	34.57	29.13
1998	1,723.00	47.00	36.66	36.54	1,339.65
2002	2,617.45	47.00	55.69	40.51	2,256.24
2006	6,514.77	47.00	138.61	44.50	6,168.64
Total	19,818.03	47.00	421.66	38.35	16,170.30

Composite Average Remaining Life ... 38.3 Years

**Montana-Dakota Utilities Company
Gas Division**

378.00 MEAS. & REG. STATION EQUIP. - GENERAL

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 40

Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1920	5.33	0.00	0.00	0.00	0.00
1921	5.46	0.00	0.00	0.00	0.00
1922	5.60	0.00	0.00	0.00	0.00
1923	5.74	0.00	0.00	0.00	0.00
1924	5.88	0.00	0.00	0.00	0.00
1925	6.03	0.00	0.00	0.00	0.00
1926	6.18	0.00	0.00	0.00	0.00
1927	6.34	0.00	0.00	0.00	0.00
1928	6.49	0.00	0.00	0.00	0.00
1929	6.66	0.00	0.00	0.00	0.00
1930	6.82	0.00	0.00	0.00	0.00
1931	6.99	0.00	0.00	0.00	0.00
1932	7.17	0.00	0.00	0.00	0.00
1933	7.35	0.00	0.00	0.00	0.00
1934	7.53	0.00	0.00	0.00	0.00
1935	7.72	40.00	0.19	0.50	0.10
1936	7.91	40.00	0.20	0.57	0.11
1937	8.11	40.00	0.20	0.81	0.16
1938	8.31	40.00	0.21	1.03	0.21
1939	8.52	40.00	0.21	1.29	0.28
1940	8.73	40.00	0.22	1.55	0.34
1946	489.20	40.00	12.23	3.23	39.44
1947	604.62	40.00	15.12	3.52	53.16
1948	734.64	40.00	18.37	3.80	69.84
1949	879.71	40.00	21.99	4.10	90.08
1950	1,600.14	40.00	40.00	4.38	175.38
1951	2,849.35	40.00	71.23	4.68	333.31

Montana-Dakota Utilities Company
Gas Division

378.00 MEAS. & REG. STATION EQUIP. - GENERAL

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 40

Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1952	2,115.27	40.00	52.88	4.97	262.91
1953	1,717.67	40.00	42.94	5.27	226.39
1954	108.96	40.00	2.72	5.57	15.18
1955	3,142.11	40.00	78.55	5.88	462.10
1956	2,639.38	40.00	65.98	6.20	408.85
1957	1,503.55	40.00	37.59	6.52	245.08
1958	1,714.37	40.00	42.86	6.85	293.62
1959	8,319.67	40.00	207.99	7.19	1,496.10
1960	14,130.63	40.00	353.26	7.54	2,665.36
1961	10,145.84	40.00	253.64	7.91	2,006.20
1962	10,044.22	40.00	251.10	8.29	2,080.57
1963	10,161.65	40.00	254.04	8.68	2,203.87
1964	6,445.78	40.00	161.14	9.08	1,462.91
1965	19,082.02	40.00	477.05	9.50	4,529.62
1966	10,303.98	40.00	257.60	9.93	2,557.06
1967	8,379.44	40.00	209.48	10.37	2,172.78
1968	12,799.00	40.00	319.97	10.83	3,466.26
1969	18,931.14	40.00	473.28	11.31	5,351.75
1970	21,037.63	40.00	525.94	11.80	6,205.42
1971	22,575.80	40.00	564.39	12.30	6,943.96
1972	21,137.04	40.00	528.42	12.82	6,776.63
1973	19,906.67	40.00	497.66	13.36	6,648.06
1974	59,348.43	40.00	1,483.70	13.91	20,636.61
1975	30,705.56	40.00	767.63	14.47	11,109.40
1976	50,457.18	40.00	1,261.42	15.05	18,986.18
1977	34,819.04	40.00	870.47	15.64	13,616.90
1978	22,058.32	40.00	551.45	16.25	8,961.25

**Montana-Dakota Utilities Company
Gas Division**

378.00 MEAS. & REG. STATION EQUIP. - GENERAL

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 40

Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1979	7,819.46	40.00	195.49	16.87	3,297.71
1980	47,248.23	40.00	1,181.20	17.50	20,674.82
1981	7,681.73	40.00	192.04	18.15	3,485.31
1982	47,423.38	40.00	1,185.58	18.81	22,298.75
1983	84,198.01	40.00	2,104.94	19.48	41,002.03
1984	22,208.23	40.00	555.20	20.16	11,194.66
1985	31,853.53	40.00	796.33	20.86	16,609.82
1986	26,322.27	40.00	658.05	21.57	14,191.25
1987	25,326.71	40.00	633.16	22.28	14,108.86
1988	40,505.08	40.00	1,012.62	23.01	23,303.53
1989	33,013.57	40.00	825.33	23.75	19,603.77
1990	6,910.53	40.00	172.76	24.50	4,233.32
1991	21,678.77	40.00	541.97	25.26	13,692.23
1992	39,095.68	40.00	977.39	26.04	25,446.74
1993	119,100.20	40.00	2,977.49	26.82	79,843.13
1994	74,508.87	40.00	1,862.71	27.61	51,422.75
1995	13,568.57	40.00	339.21	28.41	9,635.47
1996	25,376.57	40.00	634.41	29.21	18,534.06
1997	65,941.20	40.00	1,648.52	30.03	49,507.78
1998	38,354.50	40.00	958.86	30.86	29,588.73
1999	29,411.54	40.00	735.28	31.69	23,302.99
2000	26,311.25	40.00	657.78	32.54	21,401.32
2001	17,102.56	40.00	427.56	33.39	14,274.66
2002	62,899.76	40.00	1,572.49	34.25	53,850.16
2003	45,097.40	40.00	1,127.43	35.11	39,585.18
2004	137,137.70	40.00	3,428.42	35.98	123,371.60
2005	115,007.32	40.00	2,875.17	36.87	105,993.53

**Montana-Dakota Utilities Company
Gas Division**

378.00 MEAS. & REG. STATION EQUIP. - GENERAL

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 40

Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
2006	122,689.53	40.00	3,067.22	37.75	115,796.90
2007	66,813.13	40.00	1,670.32	38.65	64,552.53
2008	308,670.43	40.00	7,716.72	39.55	305,178.67
Total	2,140,308.59	32.86	53,505.03	27.50	1,471,535.68

Composite Average Remaining Life ... 27.5 Years

Montana-Dakota Utilities Company
Gas Division

379.00 MEAS. & REG. STATION EQUIP. - CITY GATE

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 27

Survivor Curve: L0

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
(1)	(2)	(3)	(4)	(5)	(6)
1951	4,763.00	27.00	176.41	8.42	1,485.11
1952	11,605.70	27.00	429.85	8.60	3,697.90
1953	9,220.02	27.00	341.49	8.79	3,002.26
1954	10,450.11	27.00	387.05	8.98	3,475.87
1955	7,367.76	27.00	272.88	9.17	2,503.00
1956	13,355.52	27.00	494.66	9.37	4,633.65
1957	14,707.12	27.00	544.72	9.57	5,210.95
1958	8,630.30	27.00	319.65	9.77	3,121.82
1959	8,975.93	27.00	332.45	9.97	3,314.48
1960	16,459.18	27.00	609.61	10.18	6,204.45
1961	21,671.86	27.00	802.67	10.39	8,337.23
1962	22,845.37	27.00	846.14	10.60	8,968.53
1963	19,139.82	27.00	708.89	10.82	7,667.88
1964	47,586.96	27.00	1,762.50	11.04	19,449.97
1965	24,797.89	27.00	918.45	11.26	10,339.80
1966	3,421.68	27.00	126.73	11.48	1,455.38
1967	17,749.93	27.00	657.41	11.71	7,701.35
1968	11,464.28	27.00	424.61	11.95	5,073.09
1969	12,112.73	27.00	448.63	12.18	5,466.40
1970	27,389.11	27.00	1,014.43	12.43	12,605.95
1971	13,097.20	27.00	485.09	12.67	6,146.70
1972	23,744.65	27.00	879.44	12.92	11,362.57
1973	12,291.58	27.00	455.25	13.17	5,997.20
1974	25,335.72	27.00	938.37	13.43	12,603.66
1975	7,402.42	27.00	274.17	13.69	3,754.18
1976	13,088.27	27.00	484.76	13.96	6,766.88
1977	3,225.52	27.00	119.47	14.23	1,700.08

**Montana-Dakota Utilities Company
Gas Division**

379.00 MEAS. & REG. STATION EQUIP. - CITY GATE

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 27

Survivor Curve: L0

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1978	12,328.86	27.00	456.63	14.51	6,623.97
1979	3,373.66	27.00	124.95	14.79	1,847.62
1980	21,593.70	27.00	799.78	15.07	12,054.68
1981	15,030.08	27.00	556.68	15.36	8,552.14
1982	12,329.86	27.00	456.67	15.66	7,150.72
1983	14,205.57	27.00	526.14	15.96	8,396.95
1984	3,797.50	27.00	140.65	16.27	2,287.87
1986	501.80	27.00	18.59	16.90	314.03
1987	25.16	27.00	0.93	17.22	16.05
1990	1,186.46	27.00	43.94	18.23	801.04
1991	625.27	27.00	23.16	18.58	430.23
1993	260,306.27	27.00	9,641.11	19.30	186,028.51
1994	141,232.03	27.00	5,230.89	19.66	102,863.73
1995	86,380.16	27.00	3,199.31	20.04	64,117.58
1996	8,000.39	27.00	296.31	20.42	6,052.23
1997	1,194.00	27.00	44.22	20.82	920.63
1998	3,153.00	27.00	116.78	21.22	2,478.36
1999	444.07	27.00	16.45	21.64	355.93
2000	7,782.26	27.00	288.24	22.07	6,362.70
2003	16,027.24	27.00	593.61	23.50	13,947.91
2004	3,587.40	27.00	132.87	24.02	3,191.69
2006	3,817.54	27.00	141.39	25.18	3,560.69
Total	1,028,821.91	27.00	38,105.04	16.02	610,401.60

Composite Average Remaining Life ... 16.0 Years

Montana-Dakota Utilities Company

Gas Division

380.10 SERVICES - STEEL

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 40

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1928	0.47	0.00	0.00	0.00	0.00
1929	4.51	0.00	0.00	0.00	0.00
1930	16.60	0.00	0.00	0.00	0.00
1931	40.94	0.00	0.00	0.00	0.00
1932	53.64	0.00	0.00	0.00	0.00
1933	38.45	0.00	0.00	0.00	0.00
1934	48.97	0.00	0.00	0.00	0.00
1935	0.12	0.00	0.00	0.00	0.00
1936	22.69	0.00	0.00	0.00	0.00
1937	78.82	0.00	0.00	0.00	0.00
1938	677.09	0.00	0.00	0.00	0.00
1939	599.18	0.00	0.00	0.00	0.00
1940	774.02	0.00	0.00	0.00	0.00
1946	591.31	40.00	14.78	1.25	18.55
1947	4,357.15	40.00	108.93	1.50	163.63
1948	5,452.02	40.00	136.30	1.74	236.66
1949	6,772.12	40.00	169.30	1.99	337.38
1950	27,160.57	40.00	679.01	2.24	1,519.77
1951	26,972.27	40.00	674.31	2.50	1,684.84
1952	39,264.39	40.00	981.61	2.75	2,697.98
1953	37,957.36	40.00	948.93	3.01	2,855.55
1954	14,217.48	40.00	355.44	3.26	1,158.97
1955	49,393.21	40.00	1,234.83	3.52	4,348.96
1956	99,949.76	40.00	2,498.74	3.78	9,439.06
1957	75,819.13	40.00	1,895.48	4.04	7,666.20
1958	79,928.15	40.00	1,998.20	4.31	8,615.29
1959	100,640.26	40.00	2,516.00	4.59	11,555.61

**Montana-Dakota Utilities Company
Gas Division**

380.10 SERVICES - STEEL

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 40

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1960	89,050.64	40.00	2,226.26	4.88	10,866.00
1961	112,357.81	40.00	2,808.94	5.19	14,567.49
1962	169,239.40	40.00	4,230.98	5.50	23,288.51
1963	159,665.64	40.00	3,991.64	5.84	23,320.03
1964	177,339.62	40.00	4,433.49	6.20	27,479.72
1965	170,592.55	40.00	4,264.81	6.58	28,043.94
1966	144,823.91	40.00	3,620.60	6.98	25,253.71
1967	169,034.50	40.00	4,225.86	7.40	31,257.38
1968	163,711.36	40.00	4,092.78	7.84	32,098.74
1969	191,374.08	40.00	4,784.35	8.31	39,764.11
1970	865,791.54	40.00	21,644.77	8.81	190,590.46
1971	306,691.43	40.00	7,667.28	9.32	71,469.49
1972	327,925.45	40.00	8,198.13	9.86	80,857.30
1973	291,296.50	40.00	7,282.41	10.43	75,920.60
1974	63,353.13	40.00	1,583.83	11.01	17,441.27
1975	203,683.97	40.00	5,092.10	11.62	59,161.33
1976	117,032.32	40.00	2,925.81	12.25	35,833.58
1977	135,115.57	40.00	3,377.89	12.89	43,554.94
1978	117,572.98	40.00	2,939.32	13.56	39,862.99
1979	45,290.54	40.00	1,132.26	14.25	16,129.86
1980	162,676.15	40.00	4,066.90	14.95	60,794.72
1981	226,695.48	40.00	5,667.38	15.67	88,785.50
1982	235,468.24	40.00	5,886.70	16.40	96,548.06
1983	166,298.87	40.00	4,157.47	17.15	71,297.56
1984	120,946.52	40.00	3,023.66	17.91	54,165.16
1985	110,092.56	40.00	2,752.31	18.69	51,442.33
1986	160,136.81	40.00	4,003.42	19.48	77,997.06

Montana-Dakota Utilities Company
Gas Division

380.10 SERVICES - STEEL

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 40

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1987	219,656.54	40.00	5,491.41	20.29	111,400.26
1988	77,099.90	40.00	1,927.50	21.10	40,678.40
1989	71,993.16	40.00	1,799.83	21.93	39,476.16
1990	48,732.97	40.00	1,218.32	22.78	27,748.37
1991	42,639.17	40.00	1,065.98	23.63	25,187.89
1992	40,192.84	40.00	1,004.82	24.49	24,612.69
1993	92,030.54	40.00	2,300.76	25.37	58,370.76
1994	412,292.10	40.00	10,307.30	26.26	270,644.11
1995	35,156.93	40.00	878.92	27.15	23,866.24
1996	49,846.17	40.00	1,246.15	28.06	34,968.51
1997	47,892.35	40.00	1,197.31	28.98	34,693.94
1998	34,510.43	40.00	862.76	29.90	25,797.99
1999	37,193.65	40.00	929.84	30.83	28,670.81
2000	119,070.32	40.00	2,976.76	31.77	94,586.22
2001	22,706.88	40.00	567.67	32.72	18,575.42
2002	10,378.08	40.00	259.45	33.68	8,737.43
2003	26,232.42	40.00	655.81	34.64	22,714.80
2004	30,822.27	40.00	770.56	35.60	27,433.31
2005	7,071.96	40.00	176.80	36.57	6,465.91
2006	85,580.94	40.00	2,139.52	37.55	80,332.79
Total	7,285,187.87	32.97	182,070.69	13.43	2,445,052.31

Composite Average Remaining Life ... 13.4 Years

**Montana-Dakota Utilities Company
Gas Division**

380.20 SERVICES - PLASTIC

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 40

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1969	639.26	40.00	15.98	8.31	132.83
1970	125.87	40.00	3.15	8.81	27.71
1971	7,513.09	40.00	187.83	9.32	1,750.80
1972	243,712.32	40.00	6,092.80	9.86	60,092.68
1973	219,978.45	40.00	5,499.46	10.43	57,332.98
1974	526,036.71	40.00	13,150.91	11.01	144,819.16
1975	303,921.23	40.00	7,598.03	11.62	88,275.89
1976	605,864.37	40.00	15,146.60	12.25	185,506.76
1977	415,865.67	40.00	10,396.63	12.89	134,055.65
1978	433,295.85	40.00	10,832.39	13.56	146,908.50
1979	681,544.71	40.00	17,038.61	14.25	242,726.69
1980	749,224.62	40.00	18,730.60	14.95	279,997.40
1981	629,692.61	40.00	15,742.30	15.67	246,619.70
1982	690,819.50	40.00	17,270.48	16.40	283,253.84
1983	914,242.95	40.00	22,856.06	17.15	391,964.72
1984	806,396.70	40.00	20,159.90	17.91	361,139.84
1985	894,262.37	40.00	22,356.54	18.69	417,856.95
1986	650,601.01	40.00	16,265.01	19.48	316,885.08
1987	581,559.46	40.00	14,538.98	20.29	294,941.71
1988	599,627.69	40.00	14,990.68	21.10	316,367.39
1989	480,530.33	40.00	12,013.25	21.93	263,490.23
1990	549,693.31	40.00	13,742.32	22.78	312,993.30
1991	761,453.49	40.00	19,036.32	23.63	449,807.30
1992	909,137.81	40.00	22,728.43	24.49	556,724.32
1993	1,029,232.49	40.00	25,730.79	25.37	652,795.07
1994	2,174,187.96	40.00	54,354.66	26.26	1,427,219.09
1995	1,010,168.27	40.00	25,254.19	27.15	685,751.54

Montana-Dakota Utilities Company

Gas Division

380.20 SERVICES - PLASTIC

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 40

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1996	1,353,943.67	40.00	33,848.57	28.06	949,830.22
1997	1,394,110.19	40.00	34,852.73	28.98	1,009,914.53
1998	1,279,471.07	40.00	31,986.76	29.90	956,458.15
1999	996,161.31	40.00	24,904.02	30.83	767,893.18
2000	1,133,469.07	40.00	28,336.71	31.77	900,396.93
2001	1,201,231.23	40.00	30,030.76	32.72	982,670.30
2002	1,327,820.31	40.00	33,195.49	33.68	1,117,907.43
2003	2,443,249.82	40.00	61,081.20	34.64	2,115,623.51
2004	2,608,376.50	40.00	65,209.37	35.60	2,321,581.35
2005	2,823,012.41	40.00	70,575.26	36.57	2,581,086.12
2006	2,919,892.55	40.00	72,997.26	37.55	2,740,833.49
2007	3,067,885.95	40.00	76,697.10	38.53	2,954,799.51
2008	3,272,321.05	40.00	81,807.97	39.51	3,232,057.45
Total	42,690,273.23	40.00	1,067,256.11	29.00	30,950,489.31

Composite Average Remaining Life ... 29.0 Years

Montana-Dakota Utilities Company

Gas Division

380.30 SERVICES - FARM & FUEL LINES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 30

Survivor Curve: R1.5

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1977	277.44	30.00	9.25	8.96	82.89
1980	6,116.04	30.00	203.86	10.37	2,114.36
1981	9,184.73	30.00	306.15	10.88	3,329.51
1982	34,231.80	30.00	1,141.03	11.40	13,005.04
1983	7,818.86	30.00	260.62	11.94	3,110.82
1984	18,901.15	30.00	630.02	12.49	7,869.75
1985	13,311.43	30.00	443.70	13.06	5,796.45
1986	1,610.76	30.00	53.69	13.65	732.96
1987	1,964.42	30.00	65.48	14.25	933.38
1988	9,854.82	30.00	328.49	14.87	4,885.84
1989	1,711.71	30.00	57.06	15.51	884.74
1991	3,912.84	30.00	130.42	16.81	2,193.04
1992	4,904.22	30.00	163.47	17.49	2,858.74
1993	1,286.17	30.00	42.87	18.17	779.11
1994	63,263.97	30.00	2,108.75	18.87	39,794.25
1997	18,107.93	30.00	603.58	21.03	12,691.35
1998	3,815.98	30.00	127.20	21.76	2,768.34
1999	2,163.03	30.00	72.10	22.51	1,623.00
2000	3,381.11	30.00	112.70	23.27	2,622.08
2001	3,381.69	30.00	112.72	24.03	2,708.51
2003	1,614.04	30.00	53.80	25.58	1,376.12
2004	1,959.95	30.00	65.33	26.36	1,722.42
2006	5,554.58	30.00	185.15	27.96	5,177.05
2007	4,128.53	30.00	137.61	28.77	3,959.36
2008	26,182.98	30.00	872.74	29.59	25,823.50

Montana-Dakota Utilities Company

Gas Division

380.30 SERVICES - FARM & FUEL LINES

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 30

Survivor Curve: R1.5

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
Total	248,640.18	30.00	8,287.81	17.96	148,842.60

Composite Average Remaining Life ... 17.9 Years

Montana-Dakota Utilities Company

Gas Division

381.00 METERS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 35

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1956	4.09	35.00	0.12	0.50	0.06
1957	45.10	35.00	1.29	0.56	0.72
1958	179.31	35.00	5.12	0.71	3.61
1959	962.55	35.00	27.50	0.89	24.45
1960	3,488.50	35.00	99.67	1.11	110.21
1961	7,018.73	35.00	200.53	1.31	263.06
1962	19,225.60	35.00	549.30	1.54	846.87
1963	23,272.67	35.00	664.93	1.79	1,187.38
1964	30,460.15	35.00	870.29	2.04	1,774.60
1965	48,386.33	35.00	1,382.46	2.30	3,179.14
1966	61,082.38	35.00	1,745.20	2.57	4,479.76
1967	76,538.71	35.00	2,186.81	2.85	6,225.24
1968	106,050.55	35.00	3,030.00	3.13	9,482.99
1969	103,252.28	35.00	2,950.05	3.43	10,117.71
1970	287,816.06	35.00	8,223.27	3.75	30,849.14
1971	207,409.99	35.00	5,925.97	4.10	24,299.72
1972	424,892.55	35.00	12,139.72	4.48	54,419.74
1973	421,937.56	35.00	12,055.29	4.90	59,115.42
1974	902,080.96	35.00	25,773.60	5.37	138,298.37
1975	845,873.98	35.00	24,167.69	5.88	142,036.42
1976	846,194.48	35.00	24,176.85	6.44	155,581.84
1977	815,695.45	35.00	23,305.45	7.04	163,986.41
1978	749,874.08	35.00	21,424.85	7.67	164,410.87
1979	1,227,085.87	35.00	35,059.40	8.34	292,355.75
1980	1,198,260.48	35.00	34,235.82	9.02	308,973.98
1981	1,577,742.46	35.00	45,078.10	9.73	438,547.56
1982	548,679.84	35.00	15,676.48	10.46	163,899.92

Montana-Dakota Utilities Company

Gas Division

381.00 METERS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 35

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1983	848,124.07	35.00	24,231.98	11.20	271,467.25
1984	1,090,435.13	35.00	31,155.11	11.97	372,991.21
1985	826,611.63	35.00	23,617.34	12.76	301,422.96
1986	425,761.29	35.00	12,164.54	13.57	165,129.15
1987	288,585.15	35.00	8,245.24	14.41	118,789.11
1988	85,552.91	35.00	2,444.36	15.26	37,295.14
1989	115,481.85	35.00	3,299.46	16.13	53,216.27
1990	405,126.97	35.00	11,574.99	17.02	196,972.34
1991	697,757.76	35.00	19,935.82	17.92	357,273.65
1992	762,983.82	35.00	21,799.41	18.84	410,694.86
1993	1,139,059.30	35.00	32,544.37	19.77	643,441.46
1994	1,231,332.26	35.00	35,180.72	20.71	728,740.51
1995	1,083,266.23	35.00	30,950.29	21.67	670,591.33
1996	1,098,322.81	35.00	31,380.47	22.63	710,102.89
1997	1,195,724.93	35.00	34,163.38	23.60	806,197.50
1998	1,401,185.88	35.00	40,033.66	24.57	983,788.12
1999	1,604,913.84	35.00	45,854.42	25.55	1,171,807.42
2000	1,559,545.77	35.00	44,558.20	26.54	1,182,581.34
2001	2,011,299.14	35.00	57,465.37	27.53	1,581,953.49
2002	1,653,583.71	35.00	47,244.98	28.52	1,347,432.81
2003	1,433,810.90	35.00	40,965.79	29.51	1,209,057.27
2004	1,009,165.10	35.00	28,833.13	30.51	879,675.33
2005	2,812,347.38	35.00	80,352.33	31.51	2,531,567.34
2006	2,188,549.32	35.00	62,529.63	32.50	2,032,428.74
2007	8,063,249.48	35.00	230,377.26	33.50	7,718,048.59
2008	9,606,762.91	35.00	274,477.39	34.50	9,469,642.95

Montana-Dakota Utilities Company

Gas Division

381.00 METERS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 35

Survivor Curve: R4

Year	Original Cost	Avg. Service Life	Avg. Annual Accrual	Avg. Remaining Life	Future Annual Accruals
(1)	(2)	(3)	(4)	(5)	(6)
Total	55,172,050.25	35.00	1,576,335.40	24.19	38,126,779.95

Composite Average Remaining Life ... 24.1 Years

Montana-Dakota Utilities Company
Gas Division

383.00 HOUSE REGULATORS

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 40

Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1946	968.71	40.00	24.22	3.23	78.11
1947	1,596.34	40.00	39.91	3.52	140.36
1948	1,939.60	40.00	48.49	3.80	184.40
1949	2,322.64	40.00	58.07	4.10	237.82
1950	6,177.73	40.00	154.44	4.38	677.08
1951	4,184.77	40.00	104.62	4.68	489.52
1952	5,799.08	40.00	144.98	4.97	720.79
1953	8,613.73	40.00	215.34	5.27	1,135.30
1954	165.41	40.00	4.14	5.57	23.05
1955	12,537.67	40.00	313.44	5.88	1,843.86
1956	26,331.90	40.00	658.29	6.20	4,078.88
1957	12,724.80	40.00	318.12	6.52	2,074.15
1958	11,135.45	40.00	278.38	6.85	1,907.14
1959	19,098.97	40.00	477.47	7.19	3,434.52
1960	33,403.74	40.00	835.09	7.54	6,300.70
1961	22,425.96	40.00	560.65	7.91	4,434.42
1962	25,275.42	40.00	631.88	8.29	5,235.58
1963	18,599.42	40.00	464.98	8.68	4,033.86
1964	19,028.09	40.00	475.70	9.08	4,318.54
1965	21,237.31	40.00	530.93	9.50	5,041.23
1966	12,397.28	40.00	309.93	9.93	3,076.54
1967	20,567.31	40.00	514.18	10.37	5,333.08
1968	26,395.48	40.00	659.88	10.83	7,148.49
1969	19,585.32	40.00	489.63	11.31	5,536.68
1970	51,342.38	40.00	1,283.55	11.80	15,144.34
1971	55,885.95	40.00	1,397.14	12.30	17,189.65
1972	88,716.27	40.00	2,217.89	12.82	28,442.84

Montana-Dakota Utilities Company

Gas Division

383.00 HOUSE REGULATORS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 40

Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1973	79,350.28	40.00	1,983.75	13.36	26,499.93
1974	119,043.64	40.00	2,976.07	13.91	41,393.81
1975	123,469.89	40.00	3,086.73	14.47	44,671.93
1976	107,001.98	40.00	2,675.03	15.05	40,263.03
1977	101,770.14	40.00	2,544.24	15.64	39,799.87
1978	86,775.98	40.00	2,169.39	16.25	35,252.98
1979	113,374.14	40.00	2,834.34	16.87	47,813.35
1980	192,944.77	40.00	4,823.59	17.50	84,428.53
1981	170,728.06	40.00	4,268.18	18.15	77,461.81
1982	91,313.14	40.00	2,282.82	18.81	42,935.98
1983	122,805.13	40.00	3,070.11	19.48	59,802.59
1984	168,140.74	40.00	4,203.50	20.16	84,755.88
1985	140,079.35	40.00	3,501.96	20.86	73,043.48
1986	84,042.17	40.00	2,101.04	21.57	45,310.05
1987	63,611.63	40.00	1,590.28	22.28	35,436.41
1988	69,694.36	40.00	1,742.35	23.01	40,096.80
1989	65,598.83	40.00	1,639.96	23.75	38,953.20
1990	84,349.17	40.00	2,108.72	24.50	51,671.47
1991	119,271.84	40.00	2,981.78	25.26	75,331.67
1992	137,882.13	40.00	3,447.03	26.04	89,745.22
1993	195,622.03	40.00	4,890.52	26.82	131,142.31
1994	186,273.42	40.00	4,656.81	27.61	128,557.74
1995	134,052.00	40.00	3,351.28	28.41	95,194.53
1996	134,481.43	40.00	3,362.02	29.21	98,220.01
1997	172,828.87	40.00	4,320.70	30.03	129,757.62
1998	193,392.21	40.00	4,834.78	30.86	149,193.18
1999	152,290.64	40.00	3,807.24	31.69	120,661.05

Montana-Dakota Utilities Company

Gas Division

383.00 HOUSE REGULATORS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 40

Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
2000	178,355.16	40.00	4,458.85	32.54	145,072.39
2001	150,252.44	40.00	3,756.29	33.39	125,408.25
2002	110,921.78	40.00	2,773.03	34.25	94,963.09
2003	208,126.53	40.00	5,203.13	35.11	182,687.38
2004	61,538.23	40.00	1,538.45	35.98	55,360.93
2005	214,595.36	40.00	5,364.85	36.87	197,776.27
2006	211,246.36	40.00	5,281.13	37.75	199,378.65
2007	137,795.62	40.00	3,444.87	38.65	133,133.35
2008	343,731.82	40.00	8,593.25	39.55	339,843.43
Total	5,555,208.00	40.00	138,879.43	25.41	3,529,279.13

Composite Average Remaining Life ... 25.4 Years

Montana-Dakota Utilities Company
Gas Division

385.00 IND. MEAS. & REG. STA. EQUIP.

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 35 *Survivor Curve: R2*

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1951	1,386.71	35.00	39.62	2.03	80.32
1952	1,429.10	35.00	40.83	2.31	94.30
1953	635.17	35.00	18.15	2.60	47.18
1954	218.79	35.00	6.25	2.88	18.03
1955	693.62	35.00	19.82	3.17	62.83
1956	1,936.48	35.00	55.33	3.46	191.35
1957	1,735.17	35.00	49.58	3.75	185.83
1958	5,501.93	35.00	157.20	4.04	635.12
1959	1,852.56	35.00	52.93	4.33	229.44
1960	4,322.26	35.00	123.49	4.64	572.49
1961	3,368.40	35.00	96.24	4.94	475.21
1962	724.69	35.00	20.71	5.25	108.64
1963	4,626.52	35.00	132.19	5.56	735.53
1964	7,416.55	35.00	211.90	5.89	1,248.49
1965	5,118.73	35.00	146.25	6.23	911.19
1966	2,265.77	35.00	64.74	6.58	426.04
1967	1,755.93	35.00	50.17	6.95	348.47
1968	4,086.61	35.00	116.76	7.32	855.12
1969	5,566.57	35.00	159.04	7.72	1,227.31
1970	4,655.92	35.00	133.03	8.13	1,080.92
1971	2,043.76	35.00	58.39	8.55	499.30
1972	1,711.63	35.00	48.90	8.99	439.75
1973	2,605.42	35.00	74.44	9.45	703.51
1974	1,251.06	35.00	35.74	9.93	354.77
1975	3,402.21	35.00	97.21	10.42	1,012.67
1980	9,776.15	35.00	279.32	13.13	3,668.55
1981	255.91	35.00	7.31	13.73	100.36

Montana-Dakota Utilities Company

Gas Division

385.00 IND. MEAS. & REG. STA. EQUIP.

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 35

Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1982	1,969.66	35.00	56.28	14.33	806.65
1983	1,660.42	35.00	47.44	14.96	709.60
1984	33,587.50	35.00	959.64	15.60	14,967.28
1985	84,373.90	35.00	2,410.67	16.25	39,174.37
1986	5,405.45	35.00	154.44	16.92	2,612.87
1987	60,168.84	35.00	1,719.10	17.60	30,256.27
1988	89,085.28	35.00	2,545.28	18.29	46,564.26
1989	151.33	35.00	4.32	19.00	82.16
1990	23,839.88	35.00	681.13	19.72	13,435.36
1991	19,661.68	35.00	561.76	20.46	11,493.07
1992	16,865.91	35.00	481.88	21.21	10,218.41
1993	28,166.89	35.00	804.76	21.96	17,675.27
1994	13,506.82	35.00	385.91	22.73	8,772.74
1995	2,339.79	35.00	66.85	23.51	1,571.83
1996	24,548.02	35.00	701.37	24.30	17,046.35
1997	46,554.95	35.00	1,330.13	25.11	33,395.41
1998	8,477.45	35.00	242.21	25.92	6,277.98
1999	15,936.47	35.00	455.32	26.74	12,176.32
2000	10,302.92	35.00	294.37	27.57	8,116.98
2001	1,537.15	35.00	43.92	28.42	1,247.98
2002	1,147.21	35.00	32.78	29.27	959.26
2003	55,438.44	35.00	1,583.95	30.13	47,718.12
2004	22,740.05	35.00	649.71	30.99	20,137.53
2005	12,860.95	35.00	367.45	31.87	11,711.20
2006	21,193.96	35.00	605.54	32.76	19,834.93
2007	14,006.76	35.00	400.19	33.65	13,465.69
2008	179,505.58	35.00	5,128.70	34.55	177,185.54

Montana-Dakota Utilities Company

Gas Division

385.00 IND. MEAS. & REG. STA. EQUIP.

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 35

Survivor Curve: R2

Year	Original Cost	Avg. Service Life	Avg. Annual Accrual	Avg. Remaining Life	Future Annual Accruals
(1)	(2)	(3)	(4)	(5)	(6)
Total	875,376.88	35.00	25,010.60	23.35	583,926.15

Composite Average Remaining Life ... 23.3 Years

Montana-Dakota Utilities Company

Gas Division

386.10 MISC. PROPERTY ON CUSTOMERS PREMISE

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 15

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1997	1,679.84	15.00	111.99	5.05	565.28
Total	1,679.84	15.00	111.99	5.05	565.28

Composite Average Remaining Life ... 5.05 Years

Montana-Dakota Utilities Company
Gas Division

386.20 CNG REFUELING STATIONS

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 15 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	57,128.05	15.00	3,808.51	2.41	9,188.89
1993	14,007.69	15.00	933.84	2.82	2,629.25
1994	92,365.69	15.00	6,157.67	3.28	20,203.45
1995	81,308.77	15.00	5,420.55	3.81	20,658.99
1996	17,070.15	15.00	1,138.00	4.40	5,009.68
Total	261,880.35	15.00	17,458.58	3.30	57,690.26

Composite Average Remaining Life ... 3.30 Years

Montana-Dakota Utilities Company
Gas Division

387.10 CATHODIC PROTECTION EQUIP.

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 20

Survivor Curve: R1.5

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1969	24.73	20.00	1.24	0.50	0.62
1970	53.81	20.00	2.69	0.67	1.79
1971	203.60	20.00	10.18	0.96	9.73
1972	523.57	20.00	26.18	1.27	33.19
1973	831.19	20.00	41.56	1.52	62.99
1974	1,407.59	20.00	70.38	1.74	122.67
1975	987.96	20.00	49.40	1.96	96.88
1976	3,265.59	20.00	163.27	2.20	359.45
1977	6,522.90	20.00	326.13	2.45	799.51
1978	9,513.39	20.00	475.65	2.72	1,294.27
1979	5,924.98	20.00	296.24	3.00	888.17
1980	14,167.11	20.00	708.32	3.29	2,330.34
1981	15,747.00	20.00	787.32	3.59	2,826.38
1982	23,699.66	20.00	1,184.93	3.91	4,627.67
1983	40,748.69	20.00	2,037.35	4.23	8,627.43
1984	56,853.74	20.00	2,842.56	4.58	13,028.99
1985	78,501.64	20.00	3,924.91	4.95	19,438.09
1986	121,758.42	20.00	6,087.65	5.34	32,537.38
1987	56,842.72	20.00	2,842.01	5.76	16,375.16
1988	116,237.31	20.00	5,811.61	6.20	36,057.68
1989	33,018.38	20.00	1,650.85	6.67	11,016.48
1990	21,234.06	20.00	1,061.66	7.17	7,609.82
1991	109,435.54	20.00	5,471.54	7.69	42,074.43
1992	50,171.35	20.00	2,508.46	8.24	20,659.44
1993	61,963.71	20.00	3,098.05	8.81	27,288.20
1994	101,342.03	20.00	5,066.88	9.40	47,644.26
1995	24,075.11	20.00	1,203.70	10.02	12,063.58

**Montana-Dakota Utilities Company
Gas Division**

387.10 CATHODIC PROTECTION EQUIP.

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 20

Survivor Curve: R1.5

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1996	69,255.63	20.00	3,462.63	10.66	36,916.60
1997	78,998.93	20.00	3,949.77	11.32	44,721.01
1998	69,398.42	20.00	3,469.77	12.00	41,641.82
1999	60,638.16	20.00	3,031.78	12.70	38,500.65
2000	75,830.12	20.00	3,791.34	13.41	50,849.64
2001	80,332.19	20.00	4,016.43	14.14	56,796.31
2002	32,490.24	20.00	1,624.44	14.88	24,176.02
2003	44,533.85	20.00	2,226.59	15.64	34,818.29
2004	93,283.55	20.00	4,663.97	16.40	76,509.16
2005	49,742.83	20.00	2,487.03	17.18	42,735.64
2006	96,248.21	20.00	4,812.20	17.97	86,492.09
2007	3,673.73	20.00	183.68	18.78	3,448.75
2008	28,336.09	20.00	1,416.74	19.59	27,753.16
Total	1,737,817.73	20.00	86,887.08	10.05	873,233.77

Composite Average Remaining Life ... 10.0 Years

Montana-Dakota Utilities Company
Gas Division

387.20 OTHER DISTRIBUTION EQUIP.

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 25

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
(1)	(2)	(3)	(4)	(5)	(6)
1950	5,168.26	0.00	0.00	0.00	0.00
1951	17,318.56	0.00	0.00	0.00	0.00
1952	7,404.96	0.00	0.00	0.00	0.00
1953	458.08	0.00	0.00	0.00	0.00
1955	9,665.92	0.00	0.00	0.00	0.00
1956	1,589.52	0.00	0.00	0.00	0.00
1958	6,603.77	0.00	0.00	0.00	0.00
1959	7,167.79	0.00	0.00	0.00	0.00
1960	13,369.58	0.00	0.00	0.00	0.00
1961	1,649.66	0.00	0.00	0.00	0.00
1962	3,139.70	0.00	0.00	0.00	0.00
1963	12,662.09	0.00	0.00	0.00	0.00
1964	2,715.58	0.00	0.00	0.00	0.00
1965	2,974.71	0.00	0.00	0.00	0.00
1966	671.02	0.00	0.00	0.00	0.00
1967	2,593.84	25.00	103.75	0.50	51.88
1968	897.83	25.00	35.91	0.57	20.36
1969	388.92	25.00	15.56	0.75	11.63
1970	3,128.26	25.00	125.13	0.96	120.61
1971	155.84	25.00	6.23	1.20	7.47
1974	244.19	25.00	9.77	1.95	19.02
1978	365.07	25.00	14.60	3.01	43.93
1987	12,250.87	25.00	490.03	6.92	3,392.36
1988	21,955.90	25.00	878.23	7.54	6,620.02
1989	17,429.78	25.00	697.19	8.19	5,706.66
1990	26,082.25	25.00	1,043.29	8.86	9,246.14
1991	5,752.00	25.00	230.08	9.57	2,201.28

**Montana-Dakota Utilities Company
Gas Division**

387.20 OTHER DISTRIBUTION EQUIP.

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 25 Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	15,770.85	25.00	630.83	10.30	6,496.41
1993	15,868.41	25.00	634.74	11.05	7,015.67
1994	62,351.00	25.00	2,494.03	11.83	29,505.31
1995	10,987.88	25.00	439.51	12.63	5,550.79
1996	54,771.05	25.00	2,190.84	13.45	29,464.57
1997	34,316.61	25.00	1,372.66	14.29	19,613.06
1998	9,317.74	25.00	372.71	15.15	5,645.24
2000	155,639.50	25.00	6,225.57	16.92	105,307.97
2003	1,305.49	25.00	52.22	19.68	1,027.81
2004	11,203.57	25.00	448.14	20.63	9,245.19
2005	30,270.40	25.00	1,210.81	21.59	26,138.66
2006	2,419.05	25.00	96.76	22.55	2,182.38
Total	588,025.50	15.38	19,818.61	13.86	274,634.42

Composite Average Remaining Life ... 13.8 Years

**Montana-Dakota Utilities Company
Gas Division**

390.00 STRUCTURES & IMPROVEMENTS

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 31

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
(1)	(2)	(3)	(4)	(5)	(6)
1928	3,694.59	0.00	0.00	0.00	0.00
1929	3,786.96	0.00	0.00	0.00	0.00
1930	3,881.63	0.00	0.00	0.00	0.00
1931	3,978.67	0.00	0.00	0.00	0.00
1932	4,078.14	0.00	0.00	0.00	0.00
1933	4,180.09	0.00	0.00	0.00	0.00
1934	4,284.59	0.00	0.00	0.00	0.00
1935	4,391.70	0.00	0.00	0.00	0.00
1936	4,501.50	0.00	0.00	0.00	0.00
1937	4,614.04	0.00	0.00	0.00	0.00
1938	4,729.39	0.00	0.00	0.00	0.00
1939	4,847.62	0.00	0.00	0.00	0.00
1940	4,968.81	0.00	0.00	0.00	0.00
1946	4,968.81	0.00	0.00	0.00	0.00
1947	4,968.81	0.00	0.00	0.00	0.00
1948	4,968.81	0.00	0.00	0.00	0.00
1949	30,982.36	0.00	0.00	0.00	0.00
1950	13,204.59	0.00	0.00	0.00	0.00
1951	124,344.40	0.00	0.00	0.00	0.00
1952	7,388.16	0.00	0.00	0.00	0.00
1953	15,932.86	0.00	0.00	0.00	0.00
1954	2,768.27	0.00	0.00	0.00	0.00
1955	53,795.97	0.00	0.00	0.00	0.00
1956	93,195.50	0.00	0.00	0.00	0.00
1957	3,612.33	0.00	0.00	0.00	0.00
1958	1,566.79	0.00	0.00	0.00	0.00
1959	1,749.22	0.00	0.00	0.00	0.00

**Montana-Dakota Utilities Company
Gas Division**

390.00 STRUCTURES & IMPROVEMENTS

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 31

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1960	16,524.43	0.00	0.00	0.00	0.00
1961	7,218.76	0.00	0.00	0.00	0.00
1962	4,440.15	31.00	143.23	0.50	71.62
1963	6,684.89	31.00	215.64	0.55	117.95
1964	14,651.23	31.00	472.62	0.69	324.91
1965	42,624.79	31.00	1,375.00	0.85	1,174.19
1966	47,636.27	31.00	1,536.66	1.07	1,651.19
1967	8,545.76	31.00	275.67	1.31	359.78
1968	2,982.16	31.00	96.20	1.55	148.82
1969	3,703.29	31.00	119.46	1.79	213.86
1970	116,010.29	31.00	3,742.28	2.05	7,676.55
1971	6,987.75	31.00	225.41	2.32	522.83
1972	96,029.36	31.00	3,097.73	2.60	8,043.93
1973	29,301.34	31.00	945.21	2.89	2,729.17
1974	5,994.47	31.00	193.37	3.19	617.67
1975	5,979.08	31.00	192.87	3.53	681.31
1976	16,931.66	31.00	546.18	3.90	2,132.84
1977	4,176.87	31.00	134.74	4.32	581.98
1978	52,439.58	31.00	1,691.60	4.78	8,093.37
1979	1,833.19	31.00	59.14	5.30	313.44
1980	25,223.67	31.00	813.67	5.87	4,775.00
1981	9,753.34	31.00	314.62	6.48	2,039.79
1982	8,967.81	31.00	289.28	7.14	2,064.65
1983	28,118.00	31.00	907.03	7.82	7,089.12
1984	28,651.13	31.00	924.23	8.52	7,871.03
1985	14,557.41	31.00	469.59	9.24	4,338.90
1986	31,006.41	31.00	1,000.21	9.99	9,989.04

**Montana-Dakota Utilities Company
Gas Division**

390.00 STRUCTURES & IMPROVEMENTS

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 31

Survivor Curve: R4

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1987	4,480.33	31.00	144.53	10.76	1,555.22
1988	8,981.21	31.00	289.72	11.56	3,348.31
1989	10,215.66	31.00	329.54	12.38	4,078.77
1990	2,983.04	31.00	96.23	13.22	1,272.13
1991	12,219.54	31.00	394.18	14.09	5,552.28
1992	1,293.73	31.00	41.73	14.97	624.76
1993	40,602.70	31.00	1,309.77	15.87	20,789.76
1994	22,290.25	31.00	719.04	16.79	12,074.07
1996	12,566.18	31.00	405.36	18.67	7,569.09
1997	73,670.57	31.00	2,376.47	19.63	46,649.16
1998	38,971.09	31.00	1,257.13	20.60	25,891.68
1999	44,495.93	31.00	1,435.36	21.57	30,960.05
2000	48,371.18	31.00	1,560.36	22.55	35,186.10
2001	17,143.29	31.00	553.01	23.53	13,015.08
2002	4,235,573.43	31.00	136,631.69	24.52	3,350,737.45
2003	22,039.97	31.00	710.97	25.52	18,140.94
2004	17,309.87	31.00	558.38	26.51	14,802.80
2005	54,381.59	31.00	1,754.25	27.51	48,252.66
2006	33,862.46	31.00	1,092.34	28.50	31,135.42
2007	33,755.29	31.00	1,088.88	29.50	32,123.75
2008	43,730.30	31.00	1,410.66	30.50	43,025.57
Total	5,835,295.31	19.01	173,941.25	21.96	3,820,407.96

Composite Average Remaining Life ... 21.9 Years

**Montana-Dakota Utilities Company
Gas Division**

392.10 TRANSPORTATION EQUIPMENT - TRAILERS

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 8

Survivor Curve: R0.5

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	3,830.17	0.00	0.00	0.00	0.00
1993	8,158.20	8.01	1,019.09	0.50	509.54
1994	6,417.08	8.01	801.59	0.80	639.49
1995	4,489.00	8.01	560.75	1.19	666.67
1996	153.66	8.01	19.19	1.57	30.21
1997	12,759.71	8.01	1,593.89	1.96	3,126.97
1998	5,899.85	8.01	736.98	2.36	1,741.82
2000	88,044.58	8.01	10,998.16	3.23	35,571.73
2001	12,265.67	8.01	1,532.18	3.71	5,686.11
2002	7,212.24	8.01	900.92	4.22	3,799.66
2003	14,077.17	8.01	1,758.46	4.75	8,356.55
2005	27,546.32	8.01	3,440.97	5.89	20,272.21
2006	159.26	8.01	19.89	6.48	128.99
2007	63,852.30	8.01	7,976.16	7.09	56,513.82
2008	142,194.48	8.01	17,762.33	7.70	136,699.30
Total	397,059.69	7.47	49,120.57	5.57	273,743.07

Composite Average Remaining Life ... 5.57 Years

**Montana-Dakota Utilities Company
Gas Division**

392.20 TRANSPORTATION EQUIPMENT - CARS & TRUCKS

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 7

Survivor Curve: R3

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1997	208.11	7.00	29.73	0.50	14.86
1998	19,547.61	7.00	2,792.38	0.51	1,429.31
1999	85,568.14	7.00	12,223.43	0.68	8,364.10
2000	447,299.73	7.00	63,896.87	0.92	58,636.06
2001	702,952.20	7.00	100,416.88	1.24	124,101.32
2002	762,449.31	7.00	108,916.06	1.69	183,751.61
2003	1,006,442.98	7.00	143,770.61	2.28	327,334.58
2004	1,565,621.54	7.00	223,649.39	2.98	666,416.24
2005	1,131,688.54	7.00	161,661.96	3.77	609,341.90
2006	1,087,712.10	7.00	155,379.92	4.63	719,464.32
2007	1,120,325.21	7.00	160,038.71	5.55	888,167.64
2008	845,278.74	7.00	120,748.26	6.51	786,082.52
Total	8,775,094.21	7.00	1,253,524.19	3.49	4,373,104.46

Composite Average Remaining Life ... 3.49 Years

**Montana-Dakota Utilities Company
Gas Division**

396.10 WORK EQUIPMENT TRAILERS

**Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2008
Based Upon Broad Group/Remaining Life Procedure and Technique**

Average Service Life: 10

Survivor Curve: R2

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1992	12,792.01	10.00	1,279.08	0.66	844.96
1993	24,440.69	10.00	2,443.85	0.91	2,222.29
1994	30,556.65	10.00	3,055.39	1.18	3,611.45
1995	23,799.02	10.00	2,379.69	1.47	3,497.63
1996	51,926.33	10.00	5,192.16	1.78	9,266.40
1997	8,761.03	10.00	876.02	2.14	1,876.78
1998	15,399.71	10.00	1,539.83	2.55	3,932.84
1999	57,867.49	10.00	5,786.22	3.03	17,504.78
2000	4,055.38	10.00	405.50	3.56	1,442.32
2001	17,109.20	10.00	1,710.76	4.15	7,094.14
2002	49,805.87	10.00	4,980.13	4.79	23,859.60
2004	44,652.90	10.00	4,464.88	6.22	27,788.10
2005	47,478.42	10.00	4,747.41	7.00	33,248.34
2006	74,339.18	10.00	7,433.24	7.82	58,130.04
2007	32,993.92	10.00	3,299.09	8.67	28,604.92
2008	34,598.05	10.00	3,459.49	9.55	33,040.47
Total	530,575.85	10.00	53,052.76	4.82	255,965.07

Composite Average Remaining Life ... 4.82 Years

**Montana-Dakota Utilities Company
Gas Division**

396.20 POWER OPERATED EQUIPMENT

Original Cost Of Utility Plant In Service

And Development Of Composite Remaining Life as of December 31, 2008

Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 4

Survivor Curve: L1

<i>Year</i>	<i>Original Cost</i>	<i>Avg. Service Life</i>	<i>Avg. Annual Accrual</i>	<i>Avg. Remaining Life</i>	<i>Future Annual Accruals</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
1996	0.07	4.00	0.02	0.50	0.01
1997	104.77	4.00	26.17	0.50	13.12
1998	792.42	4.00	197.96	0.56	111.35
1999	9,084.88	4.00	2,269.53	0.69	1,557.18
2000	9,562.03	4.00	2,388.73	0.85	2,021.46
2001	75,021.49	4.00	18,741.43	1.03	19,344.11
2002	34,348.06	4.00	8,580.63	1.24	10,676.56
2003	339,180.78	4.00	84,732.17	1.48	125,689.17
2004	528,180.47	4.00	131,946.98	1.75	231,505.09
2005	776,136.08	4.00	193,889.80	2.06	400,017.86
2006	1,140,275.87	4.00	284,857.09	2.42	688,554.48
2007	1,717,899.05	4.00	429,155.56	2.86	1,227,158.17
2008	1,511,648.10	4.00	377,631.14	3.55	1,342,000.37
Total	6,142,234.07	4.00	1,534,417.22	2.64	4,048,648.93

Composite Average Remaining Life ... 2.64 Years

Montana-Dakota Utilities Company

Gas Division

374.20 LAND RIGHTS

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1985 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1985	1,754.13	0.00	0.00%	0.00	0.00%	0.00	0.00%
1986	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1987	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1988	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1989	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1990	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1991	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1992	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1993	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1994	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1995	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1996	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1997	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1998	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1999	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2000	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2001	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2002	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2003	65.41	14.73	22.52%	0.00	0.00%	14.73	22.52%
2004	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2005	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2006	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2007	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2008	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%

Montana-Dakota Utilities Company

Gas Division

374.20 LAND RIGHTS

Forecasted Future Net Salvage

Based Upon Experienced Net Salvage 1985 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1985 - 1987	1,754.13	0.00	0.00%	0.00	0.00%	0.00	0.00%
1986 - 1988	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1987 - 1989	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1988 - 1990	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1989 - 1991	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1990 - 1992	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1991 - 1993	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1992 - 1994	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1993 - 1995	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1994 - 1996	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1995 - 1997	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1996 - 1998	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1997 - 1999	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1998 - 2000	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1999 - 2001	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2000 - 2002	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2001 - 2003	65.41	14.73	22.52%	0.00	0.00%	14.73	22.52%
2002 - 2004	65.41	14.73	22.52%	0.00	0.00%	14.73	22.52%
2003 - 2005	65.41	14.73	22.52%	0.00	0.00%	14.73	22.52%
2004 - 2006	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2005 - 2007	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2006 - 2008	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%

Montana-Dakota Utilities Company
Gas Division

375.00 STRUCTURES & IMPROVEMENTS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1968	3,425.08	435.45	12.71%	230.31	6.72%	205.14	5.99%
1969	4,310.44	819.74	19.02%	656.20	15.22%	163.54	3.79%
1970	4,433.29	1,076.90	24.29%	450.82	10.17%	626.08	14.12%
1971	2,081.69	883.96	42.46%	48.83	2.35%	835.13	40.12%
1972	2,058.30	0.00	0.00%	19.89	0.97%	(19.89)	-0.97%
1973	1,012.35	0.00	0.00%	59.26	5.85%	(59.26)	-5.85%
1974	3,269.04	2,424.62	74.17%	246.45	7.54%	2,178.17	66.63%
1975	1,584.93	98.73	6.23%	470.32	29.67%	(371.59)	-23.45%
1976	2,446.53	0.00	0.00%	166.82	6.82%	(166.82)	-6.82%
1977	661.00	0.00	0.00%	144.69	21.89%	(144.69)	-21.89%
1978	1,605.72	0.00	0.00%	875.01	54.49%	(875.01)	-54.49%
1979	303.10	0.00	0.00%	19.22	6.34%	(19.22)	-6.34%
1980	1,134.17	0.00	0.00%	627.51	55.33%	(627.51)	-55.33%
1981	1,442.23	0.00	0.00%	230.47	15.98%	(230.47)	-15.98%
1982	2,256.89	0.00	0.00%	609.90	27.02%	(609.90)	-27.02%
1983	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1984	628.89	0.00	0.00%	0.00	0.00%	0.00	0.00%
1985	14,934.74	1,870.26	12.52%	733.70	4.91%	1,136.56	7.61%
1986	1,006.41	-620.46	-61.65%	781.10	77.61%	(1,401.56)	-139.26%
1987	891.58	0.00	0.00%	83.33	9.35%	(83.33)	-9.35%
1988	457.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1989	1,618.28	1.00	0.06%	448.28	27.70%	(447.28)	-27.64%
1990	773.00	0.00	0.00%	523.47	67.72%	(523.47)	-67.72%
1991	3,506.79	0.00	0.00%	2,521.31	71.90%	(2,521.31)	-71.90%
1992	3,956.71	0.00	0.00%	2,552.03	64.50%	(2,552.03)	-64.50%
1993	3,366.82	0.00	0.00%	1,633.72	48.52%	(1,633.72)	-48.52%
1994	5,438.75	0.00	0.00%	2,211.80	40.67%	(2,211.80)	-40.67%
1995	247.53	4,904.42	1981.34%	734.55	296.75%	4,169.87	1684.59%

Montana-Dakota Utilities Company
Gas Division

375.00 STRUCTURES & IMPROVEMENTS

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1996	3,122.98	0.00	0.00%	4,739.85	151.77%	(4,739.85)	-151.77%
1997	5,835.64	850.00	14.57%	257.00	4.40%	593.00	10.16%
1998	150.63	0.00	0.00%	600.00	398.33%	(600.00)	-398.33%
1999	454.69	0.00	0.00%	4,286.94	942.83%	(4,286.94)	-942.83%
2000	3,897.84	1.00	0.03%	2,219.11	56.93%	(2,218.11)	-56.91%
2001	786.50	0.00	0.00%	2,596.09	330.08%	(2,596.09)	-330.08%
2002	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2003	450.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2004	8,146.99	0.00	0.00%	4,128.60	50.68%	(4,128.60)	-50.68%
2005	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2006	3,720.13	0.00	0.00%	2,253.63	60.58%	(2,253.63)	-60.58%
2007	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2008	1,952.69	0.00	0.00%	0.00	0.00%	0.00	0.00%

Montana-Dakota Utilities Company
Gas Division

375.00 STRUCTURES & IMPROVEMENTS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1968 - 1970	12,168.81	2,332.09	19.16%	1,337.33	10.99%	994.76	8.17%
1969 - 1971	10,825.42	2,780.60	25.69%	1,155.85	10.68%	1,624.75	15.01%
1970 - 1972	8,573.28	1,960.86	22.87%	519.54	6.06%	1,441.32	16.81%
1971 - 1973	5,152.34	883.96	17.16%	127.98	2.48%	755.98	14.67%
1972 - 1974	6,339.69	2,424.62	38.25%	325.60	5.14%	2,099.02	33.11%
1973 - 1975	5,866.32	2,523.35	43.01%	776.03	13.23%	1,747.32	29.79%
1974 - 1976	7,300.50	2,523.35	34.56%	883.59	12.10%	1,639.76	22.46%
1975 - 1977	4,692.46	98.73	2.10%	781.83	16.66%	(683.10)	-14.56%
1976 - 1978	4,713.25	0.00	0.00%	1,186.52	25.17%	(1,186.52)	-25.17%
1977 - 1979	2,569.82	0.00	0.00%	1,038.92	40.43%	(1,038.92)	-40.43%
1978 - 1980	3,042.99	0.00	0.00%	1,521.74	50.01%	(1,521.74)	-50.01%
1979 - 1981	2,879.50	0.00	0.00%	877.20	30.46%	(877.20)	-30.46%
1980 - 1982	4,833.29	0.00	0.00%	1,467.88	30.37%	(1,467.88)	-30.37%
1981 - 1983	3,699.12	0.00	0.00%	840.37	22.72%	(840.37)	-22.72%
1982 - 1984	2,885.78	0.00	0.00%	609.90	21.13%	(609.90)	-21.13%
1983 - 1985	15,563.63	1,870.26	12.02%	733.70	4.71%	1,136.56	7.30%
1984 - 1986	16,570.04	1,249.80	7.54%	1,514.80	9.14%	(265.00)	-1.60%
1985 - 1987	16,832.73	1,249.80	7.42%	1,598.13	9.49%	(348.33)	-2.07%
1986 - 1988	2,354.99	-620.46	-26.35%	864.43	36.71%	(1,484.89)	-63.05%
1987 - 1989	2,966.86	1.00	0.03%	531.61	17.92%	(530.61)	-17.88%
1988 - 1990	2,848.28	1.00	0.04%	971.75	34.12%	(970.75)	-34.08%
1989 - 1991	5,898.07	1.00	0.02%	3,493.06	59.22%	(3,492.06)	-59.21%
1990 - 1992	8,236.50	0.00	0.00%	5,596.81	67.95%	(5,596.81)	-67.95%
1991 - 1993	10,830.32	0.00	0.00%	6,707.06	61.93%	(6,707.06)	-61.93%
1992 - 1994	12,762.28	0.00	0.00%	6,397.55	50.13%	(6,397.55)	-50.13%
1993 - 1995	9,053.10	4,904.42	54.17%	4,580.07	50.59%	324.35	3.58%
1994 - 1996	8,809.26	4,904.42	55.67%	7,686.20	87.25%	(2,781.78)	-31.58%
1995 - 1997	9,206.15	5,754.42	62.51%	5,731.40	62.26%	23.02	0.25%

**Montana-Dakota Utilities Company
Gas Division**

375.00 STRUCTURES & IMPROVEMENTS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	9,109.25	850.00	9.33%	5,596.85	61.44%	(4,746.85)	-52.11%
1997 - 1999	6,440.96	850.00	13.20%	5,143.94	79.86%	(4,293.94)	-66.67%
1998 - 2000	4,503.16	1.00	0.02%	7,106.05	157.80%	(7,105.05)	-157.78%
1999 - 2001	5,139.03	1.00	0.02%	9,102.14	177.12%	(9,101.14)	-177.10%
2000 - 2002	4,684.34	1.00	0.02%	4,815.20	102.79%	(4,814.20)	-102.77%
2001 - 2003	1,236.50	0.00	0.00%	2,596.09	209.95%	(2,596.09)	-209.95%
2002 - 2004	8,596.99	0.00	0.00%	4,128.60	48.02%	(4,128.60)	-48.02%
2003 - 2005	8,596.99	0.00	0.00%	4,128.60	48.02%	(4,128.60)	-48.02%
2004 - 2006	11,867.12	0.00	0.00%	6,382.23	53.78%	(6,382.23)	-53.78%
2005 - 2007	3,720.13	0.00	0.00%	2,253.63	60.58%	(2,253.63)	-60.58%
2006 - 2008	5,672.82	0.00	0.00%	2,253.63	39.73%	(2,253.63)	-39.73%

**Montana-Dakota Utilities Company
Gas Division**

375.00 STRUCTURES & IMPROVEMENTS

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>

Three - Year Rolling Bands

1968 - 2008	97,369.35	12,745.62	13.09	38,160.21	39.19	(25,414.59)	-26.10
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Trend Analysis (End Year) 2008

***Based Upon Three - Year Rolling Averages**

Annual Inflation Rate	2.75%
Average Service Life (ASL)	60.0
Average Retirement Age (Yrs)	32.7
Years To ASL	27.3
Inflation Factor At 2.75% to ASL	2.10

**Gross Salvage
Linear Trend Analysis**

1989-2008	20 - Year Trend	3.10%
1994-2008	15 - Year Trend	0.00% *
1999-2008	10 - Year Trend	0.00% *
2004-2008	5 - Year Trend	0.00%

***Forecasted Gross Salvage Calculates To Less Than 0.00%—Percentage Set To A Floor of 0.00%.**

Forecasted

Gross Salvage	0.00%
(Five Year Trend)	
Cost Of Removal	82.21%
Net Salvage	-82.21%

Montana-Dakota Utilities Company
Gas Division

376.00, 376.10, 376.20, 376.30, 376.40, 376.50

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1968	200,220.26	16,598.28	8.29%	26,859.47	13.41%	(10,261.19)	-5.12%
1969	194,137.09	15,939.46	8.21%	43,168.49	22.24%	(27,229.03)	-14.03%
1970	267,046.03	23,230.21	8.70%	46,950.89	17.58%	(23,720.68)	-8.88%
1971	177,113.50	13,833.58	7.81%	56,809.25	32.08%	(42,975.67)	-24.26%
1972	157,195.80	13,435.85	8.55%	42,912.41	27.30%	(29,476.56)	-18.75%
1973	135,609.90	13,644.75	10.06%	27,848.00	20.54%	(14,203.25)	-10.47%
1974	79,682.47	4,158.86	5.22%	33,340.09	41.84%	(29,181.23)	-36.62%
1975	127,632.18	7,857.70	6.16%	43,072.35	33.75%	(35,214.65)	-27.59%
1976	195,879.62	9,760.39	4.98%	58,379.94	29.80%	(48,619.55)	-24.82%
1977	84,326.99	-3,773.39	-4.47%	25,097.78	29.76%	(28,871.17)	-34.24%
1978	116,364.42	10,832.09	9.31%	46,758.20	40.18%	(35,926.11)	-30.87%
1979	123,150.94	11,190.96	9.09%	36,244.68	29.43%	(25,053.72)	-20.34%
1980	88,516.03	3,479.59	3.93%	38,660.28	43.68%	(35,180.69)	-39.74%
1981	152,498.86	6,295.38	4.13%	46,691.72	30.62%	(40,396.34)	-26.49%
1982	127,572.66	-2,610.34	-2.05%	56,734.00	44.47%	(59,344.34)	-46.52%
1983	161,051.86	-581.14	-0.36%	104,094.70	64.63%	(104,675.84)	-65.00%
1984	185,619.78	-504.59	-0.27%	90,504.85	48.76%	(91,009.44)	-49.03%
1985	225.00	0.00	0.00%	94,130.78	1835.90%	(94,130.78)	11835.90%
1986	164,397.14	-401.47	-0.24%	51,009.31	31.03%	(51,410.78)	-31.27%
1987	201,062.80	-231.86	-0.12%	90,443.45	44.98%	(90,675.31)	-45.10%
1988	281,758.55	-4,416.44	-1.57%	101,619.66	36.07%	(106,036.10)	-37.63%
1989	149,536.04	317.65	0.21%	69,598.16	46.54%	(69,280.51)	-46.33%
1990	92,157.64	-2,915.53	-3.16%	35,838.46	38.89%	(38,753.99)	-42.05%
1991	208,283.95	3,390.22	1.63%	72,574.40	34.84%	(69,184.18)	-33.22%
1992	261,776.43	-2,741.03	-1.05%	81,630.92	31.18%	(84,371.95)	-32.23%
1993	129,595.28	-3,971.17	-3.06%	60,124.58	46.39%	(64,095.75)	-49.46%
1994	362,204.01	-340.60	-0.09%	96,506.29	26.64%	(96,846.89)	-26.74%
1995	81,561.25	0.10	0.00%	22,341.68	27.39%	(22,341.58)	-27.39%

Montana-Dakota Utilities Company
Gas Division

376.00, 376.10, 376.20, 376.30, 376.40, 376.50

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1996	312,810.33	767.42	0.25%	83,391.55	26.66%	(82,624.13)	-26.41%
1997	182,351.81	56,675.22	31.08%	0.00	0.00%	56,675.22	31.08%
1998	196,796.74	805.67	0.41%	76,362.06	38.80%	(75,556.39)	-38.39%
1999	186,253.29	0.00	0.00%	82,439.31	44.26%	(82,439.31)	-44.26%
2000	158,497.94	0.00	0.00%	61,044.27	38.51%	(61,044.27)	-38.51%
2001	171,123.71	0.00	0.00%	74,109.60	43.31%	(74,109.60)	-43.31%
2002	118,946.90	0.00	0.00%	70,046.34	58.89%	(70,046.34)	-58.89%
2003	234,006.15	0.00	0.00%	150,701.69	64.40%	(150,701.69)	-64.40%
2004	390,887.97	0.00	0.00%	80,069.14	20.48%	(80,069.14)	-20.48%
2005	169,754.69	0.00	0.00%	57,360.40	33.79%	(57,360.40)	-33.79%
2006	122,131.96	804.98	0.66%	50,615.34	41.44%	(49,810.36)	-40.78%
2007	260,243.03	230.02	0.09%	85,572.48	32.88%	(85,342.46)	-32.79%
2008	443,390.53	155.02	0.03%	72,514.10	16.35%	(72,359.08)	-16.32%

Montana-Dakota Utilities Company
Gas Division

376.00, 376.10, 376.20, 376.30, 376.40, 376.50

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1968 - 1970	661,403.38	55,767.95	8.43%	116,978.85	17.69%	(61,210.90)	-9.25%
1969 - 1971	638,296.62	53,003.25	8.30%	146,928.63	23.02%	(93,925.38)	-14.72%
1970 - 1972	601,355.33	50,499.64	8.40%	146,672.55	24.39%	(96,172.91)	-15.99%
1971 - 1973	469,919.20	40,914.18	8.71%	127,569.66	27.15%	(86,655.48)	-18.44%
1972 - 1974	372,488.17	31,239.46	8.39%	104,100.50	27.95%	(72,861.04)	-19.56%
1973 - 1975	342,924.55	25,661.31	7.48%	104,260.44	30.40%	(78,599.13)	-22.92%
1974 - 1976	403,194.27	21,776.95	5.40%	134,792.38	33.43%	(113,015.43)	-28.03%
1975 - 1977	407,838.79	13,844.70	3.39%	126,550.07	31.03%	(112,705.37)	-27.63%
1976 - 1978	396,571.03	16,819.09	4.24%	130,235.92	32.84%	(113,416.83)	-28.60%
1977 - 1979	323,842.35	18,249.66	5.64%	108,100.66	33.38%	(89,851.00)	-27.75%
1978 - 1980	328,031.39	25,502.64	7.77%	121,663.16	37.09%	(96,160.52)	-29.31%
1979 - 1981	364,165.83	20,965.93	5.76%	121,596.68	33.39%	(100,630.75)	-27.63%
1980 - 1982	368,587.55	7,164.63	1.94%	142,086.00	38.55%	(134,921.37)	-36.60%
1981 - 1983	441,123.38	3,103.90	0.70%	207,520.42	47.04%	(204,416.52)	-46.34%
1982 - 1984	474,244.30	-3,696.07	-0.78%	251,333.55	53.00%	(255,029.62)	-53.78%
1983 - 1985	346,896.64	-1,085.73	-0.31%	288,730.33	83.23%	(289,816.06)	-83.55%
1984 - 1986	350,241.92	-906.06	-0.26%	235,644.94	67.28%	(236,551.00)	-67.54%
1985 - 1987	365,684.94	-633.33	-0.17%	235,583.54	64.42%	(236,216.87)	-64.60%
1986 - 1988	647,218.49	-5,049.77	-0.78%	243,072.42	37.56%	(248,122.19)	-38.34%
1987 - 1989	632,357.39	-4,330.65	-0.68%	261,661.27	41.38%	(265,991.92)	-42.06%
1988 - 1990	523,452.23	-7,014.32	-1.34%	207,056.28	39.56%	(214,070.60)	-40.90%
1989 - 1991	449,977.63	792.34	0.18%	178,011.02	39.56%	(177,218.68)	-39.38%
1990 - 1992	562,218.02	-2,266.34	-0.40%	190,043.78	33.80%	(192,310.12)	-34.21%
1991 - 1993	599,655.66	-3,321.98	-0.55%	214,329.90	35.74%	(217,651.88)	-36.30%
1992 - 1994	753,575.72	-7,052.80	-0.94%	238,261.79	31.62%	(245,314.59)	-32.55%
1993 - 1995	573,360.54	-4,311.67	-0.75%	178,972.55	31.21%	(183,284.22)	-31.97%
1994 - 1996	756,575.59	426.92	0.06%	202,239.52	26.73%	(201,812.60)	-26.67%
1995 - 1997	576,723.39	57,442.74	9.96%	105,733.23	18.33%	(48,290.49)	-8.37%

Montana-Dakota Utilities Company
Gas Division

376.00, 376.10, 376.20, 376.30, 376.40, 376.50

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	691,958.88	58,248.31	8.42%	159,753.61	23.09%	(101,505.30)	-14.67%
1997 - 1999	565,401.84	57,480.89	10.17%	158,801.37	28.09%	(101,320.48)	-17.92%
1998 - 2000	541,547.97	805.67	0.15%	219,845.64	40.60%	(219,039.97)	-40.45%
1999 - 2001	515,874.94	0.00	0.00%	217,593.18	42.18%	(217,593.18)	-42.18%
2000 - 2002	448,568.55	0.00	0.00%	205,200.21	45.75%	(205,200.21)	-45.75%
2001 - 2003	524,076.76	0.00	0.00%	294,857.63	56.26%	(294,857.63)	-56.26%
2002 - 2004	743,841.02	0.00	0.00%	300,817.17	40.44%	(300,817.17)	-40.44%
2003 - 2005	794,648.81	0.00	0.00%	288,131.23	36.26%	(288,131.23)	-36.26%
2004 - 2006	682,774.62	804.98	0.12%	188,044.88	27.54%	(187,239.90)	-27.42%
2005 - 2007	552,129.68	1,035.00	0.19%	193,548.22	35.05%	(192,513.22)	-34.87%
2006 - 2008	825,765.52	1,190.02	0.14%	208,701.92	25.27%	(207,511.90)	-25.13%

Montana-Dakota Utilities Company
Gas Division

378.00 MEAS. & REG. STATION EQUIP. - GENERAL

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
	<u>Retirements</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1968	6,165.67	245.53	3.98%	384.57	6.24%	(139.04)	-2.26%
1969	5,072.04	681.64	13.44%	926.88	18.27%	(245.24)	-4.84%
1970	2,400.38	299.68	12.48%	794.84	33.11%	(495.16)	-20.63%
1971	5,953.07	1,423.90	23.92%	1,335.56	22.43%	88.34	1.48%
1972	8,537.76	1,548.78	18.14%	996.65	11.67%	552.13	6.47%
1973	4,721.42	136.76	2.90%	(230.17)	-4.88%	366.93	7.77%
1974	7,786.40	934.98	12.01%	1,803.46	23.16%	(868.48)	-11.15%
1975	5,798.87	1,131.96	19.52%	1,811.88	31.25%	(679.92)	-11.73%
1976	9,370.41	1,641.73	17.52%	850.97	9.08%	790.76	8.44%
1977	9,211.09	2,097.50	22.77%	1,860.19	20.20%	237.31	2.58%
1978	7,880.15	1,956.75	24.83%	1,742.60	22.11%	214.15	2.72%
1979	4,423.45	694.41	15.70%	2,237.76	50.59%	(1,543.35)	-34.89%
1980	11,750.95	11,103.62	94.49%	2,645.90	22.52%	8,457.72	71.97%
1981	2,893.54	856.15	29.59%	386.70	13.36%	469.45	16.22%
1982	3,107.26	1,493.08	48.05%	3,757.57	120.93%	(2,264.49)	-72.88%
1983	15,302.51	4,641.93	30.33%	3,904.22	25.51%	737.71	4.82%
1984	7,769.09	5,792.53	74.56%	945.55	12.17%	4,846.98	62.39%
1985	152,087.98	0.00	0.00%	1,598.99	1.05%	(1,598.99)	-1.05%
1986	6,028.86	3,133.32	51.97%	1,178.98	19.56%	1,954.34	32.42%
1987	4,864.25	1,168.80	24.03%	608.41	12.51%	560.39	11.52%
1988	17,936.07	8,021.93	44.73%	3,187.18	17.77%	4,834.75	26.96%
1989	11,708.76	2,017.11	17.23%	2,832.97	24.20%	(815.86)	-6.97%
1990	3,904.28	1,256.18	32.17%	977.17	25.03%	279.01	7.15%
1991	5,145.64	868.70	16.88%	1,939.74	37.70%	(1,071.04)	-20.81%
1992	14,934.74	1,870.26	12.52%	4,119.48	27.58%	(2,249.22)	-15.06%
1993	5,076.89	671.04	13.22%	65.67	1.29%	605.37	11.92%
1994	53,564.31	6,804.16	12.70%	4,545.24	8.49%	2,258.92	4.22%
1995	3,767.18	4,785.35	127.03%	4,926.89	130.78%	(141.54)	-3.76%

Montana-Dakota Utilities Company
Gas Division

378.00 MEAS. & REG. STATION EQUIP. - GENERAL

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1996	23,029.73	4,351.90	18.90%	10,141.37	44.04%	(5,789.47)	-25.14%
1997	16,951.86	712.79	4.20%	8,056.88	47.53%	(7,344.09)	-43.32%
1998	17,131.15	1,482.18	8.65%	8,754.03	51.10%	(7,271.85)	-42.45%
1999	3,292.16	0.00	0.00%	749.36	22.76%	(749.36)	-22.76%
2000	11,156.50	962.68	8.63%	6,839.22	61.30%	(5,876.54)	-52.67%
2001	8,696.02	2,153.63	24.77%	6,139.17	70.60%	(3,985.54)	-45.83%
2002	7,083.00	0.00	0.00%	939.67	13.27%	(939.67)	-13.27%
2003	10,744.38	0.00	0.00%	16,774.97	156.13%	(16,774.97)	-156.13%
2004	16,732.36	0.00	0.00%	3,678.39	21.98%	(3,678.39)	-21.98%
2005	8,182.35	0.00	0.00%	2,304.18	28.16%	(2,304.18)	-28.16%
2006	2,239.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2007	22,625.76	0.00	0.00%	913.41	4.04%	(913.41)	-4.04%
2008	17,733.46	0.00	0.00%	850.20	4.79%	(850.20)	-4.79%

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Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1968 - 1970	13,638.09	1,226.85	9.00%	2,106.29	15.44%	(879.44)	-6.45%
1969 - 1971	13,425.49	2,405.22	17.92%	3,057.28	22.77%	(652.06)	-4.86%
1970 - 1972	16,891.21	3,272.36	19.37%	3,127.05	18.51%	145.31	0.86%
1971 - 1973	19,212.25	3,109.44	16.18%	2,102.04	10.94%	1,007.40	5.24%
1972 - 1974	21,045.58	2,620.52	12.45%	2,569.94	12.21%	50.58	0.24%
1973 - 1975	18,306.69	2,203.70	12.04%	3,385.17	18.49%	(1,181.47)	-6.45%
1974 - 1976	22,955.68	3,708.67	16.16%	4,466.31	19.46%	(757.64)	-3.30%
1975 - 1977	24,380.37	4,871.19	19.98%	4,523.04	18.55%	348.15	1.43%
1976 - 1978	26,461.65	5,695.98	21.53%	4,453.76	16.83%	1,242.22	4.69%
1977 - 1979	21,514.69	4,748.66	22.07%	5,840.55	27.15%	(1,091.89)	-5.08%
1978 - 1980	24,054.55	13,754.78	57.18%	6,626.26	27.55%	7,128.52	29.63%
1979 - 1981	19,067.94	12,654.18	66.36%	5,270.36	27.64%	7,383.82	38.72%
1980 - 1982	17,751.75	13,452.85	75.78%	6,790.17	38.25%	6,662.68	37.53%
1981 - 1983	21,303.31	6,991.16	32.82%	8,048.49	37.78%	(1,057.33)	-4.96%
1982 - 1984	26,178.86	11,927.54	45.56%	8,607.34	32.88%	3,320.20	12.68%
1983 - 1985	175,159.58	10,434.46	5.96%	6,448.76	3.68%	3,985.70	2.28%
1984 - 1986	165,885.93	8,925.85	5.38%	3,723.52	2.24%	5,202.33	3.14%
1985 - 1987	162,981.09	4,302.12	2.64%	3,386.38	2.08%	915.74	0.56%
1986 - 1988	28,829.18	12,324.05	42.75%	4,974.57	17.26%	7,349.48	25.49%
1987 - 1989	34,509.08	11,207.84	32.48%	6,628.56	19.21%	4,579.28	13.27%
1988 - 1990	33,549.11	11,295.22	33.67%	6,997.32	20.86%	4,297.90	12.81%
1989 - 1991	20,758.68	4,141.99	19.95%	5,749.88	27.70%	(1,607.89)	-7.75%
1990 - 1992	23,984.66	3,995.14	16.66%	7,036.39	29.34%	(3,041.25)	-12.68%
1991 - 1993	25,157.27	3,410.00	13.55%	6,124.89	24.35%	(2,714.89)	-10.79%
1992 - 1994	73,575.94	9,345.46	12.70%	8,730.39	11.87%	615.07	0.84%
1993 - 1995	62,408.38	12,260.55	19.65%	9,537.80	15.28%	2,722.75	4.36%
1994 - 1996	80,361.22	15,941.41	19.84%	19,613.50	24.41%	(3,672.09)	-4.57%
1995 - 1997	43,748.77	9,850.04	22.52%	23,125.14	52.86%	(13,275.10)	-30.34%

Montana-Dakota Utilities Company
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Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	57,112.74	6,546.87	11.46%	26,952.28	47.19%	(20,405.41)	-35.73%
1997 - 1999	37,375.17	2,194.97	5.87%	17,560.27	46.98%	(15,365.30)	-41.11%
1998 - 2000	31,579.81	2,444.86	7.74%	16,342.61	51.75%	(13,897.75)	-44.01%
1999 - 2001	23,144.68	3,116.31	13.46%	13,727.75	59.31%	(10,611.44)	-45.85%
2000 - 2002	26,935.52	3,116.31	11.57%	13,918.06	51.67%	(10,801.75)	-40.10%
2001 - 2003	26,523.40	2,153.63	8.12%	23,853.81	89.93%	(21,700.18)	-81.82%
2002 - 2004	34,559.74	0.00	0.00%	21,393.03	61.90%	(21,393.03)	-61.90%
2003 - 2005	35,659.09	0.00	0.00%	22,757.54	63.82%	(22,757.54)	-63.82%
2004 - 2006	27,153.71	0.00	0.00%	5,982.57	22.03%	(5,982.57)	-22.03%
2005 - 2007	33,047.11	0.00	0.00%	3,217.59	9.74%	(3,217.59)	-9.74%
2006 - 2008	42,598.22	0.00	0.00%	1,763.61	4.14%	(1,763.61)	-4.14%

Montana-Dakota Utilities Company

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Forecasted Future Net Salvage

Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1968 - 2008	562,760.75	76,940.96	13.67	118,276.70	21.02	(41,335.74)	-7.35

Trend Analysis (End Year) 2008

*Based Upon Three - Year Rolling Averages

Annual Inflation Rate	2.75%
Average Service Life (ASL)	40.0
Average Retirement Age (Yrs)	15.9
Years To ASL	24.1
Inflation Factor At 2.75% to ASL	1.92

Gross Salvage
Linear Trend Analysis

1989-2008	20 - Year Trend	0.00% *
1994-2008	15 - Year Trend	0.00% *
1999-2008	10 - Year Trend	0.00% *
2004-2008	5 - Year Trend	0.00%

*Forecasted Gross Salvage Calculates To Less Than 0.00%---Percentage Set To A Floor of 0.00%.

Forecasted

Gross Salvage	0.00%
(Five Year Trend)	
Cost Of Removal	40.37%
Net Salvage	-40.37%

Montana-Dakota Utilities Company
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Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
	<u>Retirements</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1968	18,414.18	5,785.41	31.42%	1,569.21	8.52%	4,216.20	22.90%
1969	16,569.97	4,369.23	26.37%	1,184.86	7.15%	3,184.37	19.22%
1970	13,735.04	3,662.00	26.66%	1,070.13	7.79%	2,591.87	18.87%
1971	8,371.34	2,075.36	24.79%	1,671.45	19.97%	403.91	4.82%
1972	30,257.72	6,523.51	21.56%	1,473.77	4.87%	5,049.74	16.69%
1973	5,526.84	2,274.92	41.16%	1,090.31	19.73%	1,184.61	21.43%
1974	6,833.15	879.07	12.86%	609.12	8.91%	269.95	3.95%
1975	3,276.17	851.21	25.98%	824.83	25.18%	26.38	0.81%
1976	5,133.75	2,898.47	56.46%	954.06	18.58%	1,944.41	37.88%
1977	1,235.92	386.35	31.26%	435.84	35.26%	(49.49)	-4.00%
1978	8,311.82	2,644.04	31.81%	2,548.00	30.66%	96.04	1.16%
1979	2,493.74	874.25	35.06%	226.52	9.08%	647.73	25.97%
1980	4,989.43	2,200.37	44.10%	308.90	6.19%	1,891.47	37.91%
1981	19,759.99	11,981.07	60.63%	4,298.58	21.75%	7,682.49	38.88%
1982	15,342.56	7,067.64	46.07%	1,787.32	11.65%	5,280.32	34.42%
1983	5,370.15	7,646.09	142.38%	896.74	16.70%	6,749.35	125.68%
1984	11,813.59	4,661.41	39.46%	1,805.26	15.28%	2,856.15	24.18%
1985	20,078.95	4,189.55	20.87%	0.00	0.00%	4,189.55	20.87%
1986	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1987	240.01	0.00	0.00%	56.84	23.68%	(56.84)	-23.68%
1988	3,178.76	0.00	0.00%	0.00	0.00%	0.00	0.00%
1989	565.28	109.81	19.43%	41.97	7.42%	67.84	12.00%
1990	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1991	6,702.82	0.00	0.00%	0.00	0.00%	0.00	0.00%
1992	225.00	0.00	0.00%	23.32	10.36%	(23.32)	-10.36%
1993	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1994	24,000.34	6,121.69	25.51%	248.40	1.03%	5,873.29	24.47%
1995	1,429.24	0.00	0.00%	0.00	0.00%	0.00	0.00%

Montana-Dakota Utilities Company

Gas Division

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Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1996	0.00	375.00	0.00%	0.00	0.00%	375.00	0.00%
1997	19,117.83	3,723.12	19.47%	845.73	4.42%	2,877.39	15.05%
1998	2,593.97	0.00	0.00%	0.00	0.00%	0.00	0.00%
1999	1,744.33	0.00	0.00%	279.93	16.05%	(279.93)	-16.05%
2000	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2001	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2002	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2003	4,387.41	0.00	0.00%	0.00	0.00%	0.00	0.00%
2004	1,470.33	0.00	0.00%	0.00	0.00%	0.00	0.00%
2005	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2006	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2007	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2008	8,335.08	0.00	0.00%	0.00	0.00%	0.00	0.00%

Montana-Dakota Utilities Company
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<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1968 - 1970	48,719.19	13,816.64	28.36%	3,824.20	7.85%	9,992.44	20.51%
1969 - 1971	38,676.35	10,106.59	26.13%	3,926.44	10.15%	6,180.15	15.98%
1970 - 1972	52,364.10	12,260.87	23.41%	4,215.35	8.05%	8,045.52	15.36%
1971 - 1973	44,155.90	10,873.79	24.63%	4,235.53	9.59%	6,638.26	15.03%
1972 - 1974	42,617.71	9,677.50	22.71%	3,173.20	7.45%	6,504.30	15.26%
1973 - 1975	15,636.16	4,005.20	25.61%	2,524.26	16.14%	1,480.94	9.47%
1974 - 1976	15,243.07	4,628.75	30.37%	2,388.01	15.67%	2,240.74	14.70%
1975 - 1977	9,645.84	4,136.03	42.88%	2,214.73	22.96%	1,921.30	19.92%
1976 - 1978	14,681.49	5,928.86	40.38%	3,937.90	26.82%	1,990.96	13.56%
1977 - 1979	12,041.48	3,904.64	32.43%	3,210.36	26.66%	694.28	5.77%
1978 - 1980	15,794.99	5,718.66	36.21%	3,083.42	19.52%	2,635.24	16.68%
1979 - 1981	27,243.16	15,055.69	55.26%	4,834.00	17.74%	10,221.69	37.52%
1980 - 1982	40,091.98	21,249.08	53.00%	6,394.80	15.95%	14,854.28	37.05%
1981 - 1983	40,472.70	26,694.80	65.96%	6,982.64	17.25%	19,712.16	48.70%
1982 - 1984	32,526.30	19,375.14	59.57%	4,489.32	13.80%	14,885.82	45.77%
1983 - 1985	37,262.69	16,497.05	44.27%	2,702.00	7.25%	13,795.05	37.02%
1984 - 1986	31,892.54	8,850.96	27.75%	1,805.26	5.66%	7,045.70	22.09%
1985 - 1987	20,318.96	4,189.55	20.62%	56.84	0.28%	4,132.71	20.34%
1986 - 1988	3,418.77	0.00	0.00%	56.84	1.66%	(56.84)	-1.66%
1987 - 1989	3,984.05	109.81	2.76%	98.81	2.48%	11.00	0.28%
1988 - 1990	3,744.04	109.81	2.93%	41.97	1.12%	67.84	1.81%
1989 - 1991	7,268.10	109.81	1.51%	41.97	0.58%	67.84	0.93%
1990 - 1992	6,927.82	0.00	0.00%	23.32	0.34%	(23.32)	-0.34%
1991 - 1993	6,927.82	0.00	0.00%	23.32	0.34%	(23.32)	-0.34%
1992 - 1994	24,225.34	6,121.69	25.27%	271.72	1.12%	5,849.97	24.15%
1993 - 1995	25,429.58	6,121.69	24.07%	248.40	0.98%	5,873.29	23.10%
1994 - 1996	25,429.58	6,496.69	25.55%	248.40	0.98%	6,248.29	24.57%
1995 - 1997	20,547.07	4,098.12	19.95%	845.73	4.12%	3,252.39	15.83%

Montana-Dakota Utilities Company
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<u>Year</u>	<u>Original Cost Of</u> <u>Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	21,711.80	4,098.12	18.88%	845.73	3.90%	3,252.39	14.98%
1997 - 1999	23,456.13	3,723.12	15.87%	1,125.66	4.80%	2,597.46	11.07%
1998 - 2000	4,338.30	0.00	0.00%	279.93	6.45%	(279.93)	-6.45%
1999 - 2001	1,744.33	0.00	0.00%	279.93	16.05%	(279.93)	-16.05%
2000 - 2002	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2001 - 2003	4,387.41	0.00	0.00%	0.00	0.00%	0.00	0.00%
2002 - 2004	5,857.74	0.00	0.00%	0.00	0.00%	0.00	0.00%
2003 - 2005	5,857.74	0.00	0.00%	0.00	0.00%	0.00	0.00%
2004 - 2006	1,470.33	0.00	0.00%	0.00	0.00%	0.00	0.00%
2005 - 2007	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2006 - 2008	8,335.08	0.00	0.00%	0.00	0.00%	0.00	0.00%

**Montana-Dakota Utilities Company
Gas Division**

379.00 MEAS. & REG. STATION EQUIP. - CITY GATE

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>

Three - Year Rolling Bands

1968 - 2008	271,504.71	81,299.57	29.94	24,251.09	8.93	57,048.48	21.01
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Trend Analysis (End Year) 2008

***Based Upon Three - Year Rolling Averages**

Annual Inflation Rate	2.75%
Average Service Life (ASL)	27.0
Average Retirement Age (Yrs)	27.2
Years To ASL	-0.2
Inflation Factor At 2.75% to ASL	1.00

**Gross Salvage
Linear Trend Analysis**

1989-2008	20 - Year Trend	1.22%
1994-2008	15 - Year Trend	0.00% *
1999-2008	10 - Year Trend	0.00% *
2004-2008	5 - Year Trend	0.00%

***Forecasted Gross Salvage Calculates To Less Than 0.00%---Percentage Set To A Floor of 0.00%.**

Forecasted

Gross Salvage	0.00%
(Five Year Trend)	
Cost Of Removal	8.89%
Net Salvage	-8.89%

Montana-Dakota Utilities Company

Gas Division

380.00, 380.10, 380.20, 380.30

Forecasted Future Net Salvage

Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1968	58,055.53	3,059.40	5.27%	27,723.99	47.75%	(24,664.59)	-42.48%
1969	55,853.48	845.59	1.51%	26,200.12	46.91%	(25,354.53)	-45.39%
1970	78,879.56	530.18	0.67%	23,001.10	29.16%	(22,470.92)	-28.49%
1971	52,774.35	880.28	1.67%	35,729.03	67.70%	(34,848.75)	-66.03%
1972	79,522.93	697.12	0.88%	32,010.82	40.25%	(31,313.70)	-39.38%
1973	65,093.43	0.00	0.00%	0.00	0.00%	0.00	0.00%
1974	64,653.14	596.73	0.92%	49,546.52	76.63%	(48,949.79)	-75.71%
1975	37,754.54	2,843.03	7.53%	50,159.99	132.86%	(47,316.96)	-125.33%
1976	68,213.75	0.00	0.00%	0.00	0.00%	0.00	0.00%
1977	192,462.86	0.00	0.00%	0.00	0.00%	0.00	0.00%
1978	-92,938.46	0.00	0.00%	0.00	0.00%	0.00	0.00%
1979	55,534.41	0.00	0.00%	0.00	0.00%	0.00	0.00%
1980	61,494.60	0.00	0.00%	0.00	0.00%	0.00	0.00%
1981	63,423.25	0.00	0.00%	0.00	0.00%	0.00	0.00%
1982	84,858.56	0.00	0.00%	0.00	0.00%	0.00	0.00%
1983	73,868.72	0.00	0.00%	0.00	0.00%	0.00	0.00%
1984	95,311.04	0.00	0.00%	0.00	0.00%	0.00	0.00%
1985	33,968.77	0.00	0.00%	0.00	0.00%	0.00	0.00%
1986	82,204.03	0.00	0.00%	0.00	0.00%	0.00	0.00%
1987	102,945.66	0.00	0.00%	0.00	0.00%	0.00	0.00%
1988	130,255.01	0.00	0.00%	0.00	0.00%	0.00	0.00%
1989	103,193.55	0.00	0.00%	0.00	0.00%	0.00	0.00%
1990	87,093.75	0.00	0.00%	0.00	0.00%	0.00	0.00%
1991	112,288.21	0.00	0.00%	0.00	0.00%	0.00	0.00%
1992	152,087.98	0.00	0.00%	0.00	0.00%	0.00	0.00%
1993	117,390.79	0.00	0.00%	0.00	0.00%	0.00	0.00%
1994	213,594.75	0.00	0.00%	0.00	0.00%	0.00	0.00%
1995	85,394.58	238.78	0.28%	132,997.10	155.74%	(132,758.32)	-155.46%

Montana-Dakota Utilities Company
Gas Division

380.00, 380.10, 380.20, 380.30

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1996	190,887.20	489.25	0.26%	196,474.55	102.93%	(195,985.30)	-102.67%
1997	147,018.12	274.30	0.19%	167,867.03	114.18%	(167,592.73)	-113.99%
1998	156,868.35	165.57	0.11%	232,839.48	148.43%	(232,673.91)	-148.32%
1999	129,801.17	0.00	0.00%	205,972.55	158.68%	(205,972.55)	-158.68%
2000	134,394.03	0.00	0.00%	200,260.66	149.01%	(200,260.66)	-149.01%
2001	123,831.18	31.47	0.03%	203,228.57	164.12%	(203,197.10)	-164.09%
2002	95,019.90	0.00	0.00%	198,438.09	208.84%	(198,438.09)	-208.84%
2003	163,649.47	2,265.98	1.38%	269,303.25	164.56%	(267,037.27)	-163.18%
2004	184,931.55	0.00	0.00%	371,150.10	200.70%	(371,150.10)	-200.70%
2005	91,049.72	78.72	0.09%	257,936.56	283.29%	(257,857.84)	-283.21%
2006	107,041.95	275.02	0.26%	265,998.27	248.50%	(265,723.25)	-248.24%
2007	173,205.75	46.31	0.03%	367,375.64	212.10%	(367,329.33)	-212.08%
2008	112,617.91	461.23	0.41%	322,738.26	286.58%	(322,277.03)	-286.17%

Montana-Dakota Utilities Company

Gas Division

380.00, 380.10, 380.20, 380.30

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1968 - 1970	192,788.57	4,435.17	2.30%	76,925.21	39.90%	(72,490.04)	-37.60%
1969 - 1971	187,507.39	2,256.05	1.20%	84,930.25	45.29%	(82,674.20)	-44.09%
1970 - 1972	211,176.84	2,107.58	1.00%	90,740.95	42.97%	(88,633.37)	-41.97%
1971 - 1973	197,390.71	1,577.40	0.80%	67,739.85	34.32%	(66,162.45)	-33.52%
1972 - 1974	209,269.50	1,293.85	0.62%	81,557.34	38.97%	(80,263.49)	-38.35%
1973 - 1975	167,501.11	3,439.76	2.05%	99,706.51	59.53%	(96,266.75)	-57.47%
1974 - 1976	170,621.43	3,439.76	2.02%	99,706.51	58.44%	(96,266.75)	-56.42%
1975 - 1977	298,431.15	2,843.03	0.95%	50,159.99	16.81%	(47,316.96)	-15.86%
1976 - 1978	167,738.15	0.00	0.00%	0.00	0.00%	0.00	0.00%
1977 - 1979	155,058.81	0.00	0.00%	0.00	0.00%	0.00	0.00%
1978 - 1980	24,090.55	0.00	0.00%	0.00	0.00%	0.00	0.00%
1979 - 1981	180,452.26	0.00	0.00%	0.00	0.00%	0.00	0.00%
1980 - 1982	209,776.41	0.00	0.00%	0.00	0.00%	0.00	0.00%
1981 - 1983	222,150.53	0.00	0.00%	0.00	0.00%	0.00	0.00%
1982 - 1984	254,038.32	0.00	0.00%	0.00	0.00%	0.00	0.00%
1983 - 1985	203,148.53	0.00	0.00%	0.00	0.00%	0.00	0.00%
1984 - 1986	211,483.84	0.00	0.00%	0.00	0.00%	0.00	0.00%
1985 - 1987	219,118.46	0.00	0.00%	0.00	0.00%	0.00	0.00%
1986 - 1988	315,404.70	0.00	0.00%	0.00	0.00%	0.00	0.00%
1987 - 1989	336,394.22	0.00	0.00%	0.00	0.00%	0.00	0.00%
1988 - 1990	320,542.31	0.00	0.00%	0.00	0.00%	0.00	0.00%
1989 - 1991	302,575.51	0.00	0.00%	0.00	0.00%	0.00	0.00%
1990 - 1992	351,469.94	0.00	0.00%	0.00	0.00%	0.00	0.00%
1991 - 1993	381,766.98	0.00	0.00%	0.00	0.00%	0.00	0.00%
1992 - 1994	483,073.52	0.00	0.00%	0.00	0.00%	0.00	0.00%
1993 - 1995	416,380.12	238.78	0.06%	132,997.10	31.94%	(132,758.32)	-31.88%
1994 - 1996	489,876.53	728.03	0.15%	329,471.65	67.26%	(328,743.62)	-67.11%
1995 - 1997	423,299.90	1,002.33	0.24%	497,338.68	117.49%	(496,336.35)	-117.25%

Montana-Dakota Utilities Company
Gas Division

380.00, 380.10, 380.20, 380.30

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	494,773.67	929.12	0.19%	597,181.06	120.70%	(596,251.94)	-120.51%
1997 - 1999	433,687.64	439.87	0.10%	606,679.06	139.89%	(606,239.19)	-139.79%
1998 - 2000	421,063.55	165.57	0.04%	639,072.69	151.78%	(638,907.12)	-151.74%
1999 - 2001	388,026.38	31.47	0.01%	609,461.78	157.07%	(609,430.31)	-157.06%
2000 - 2002	353,245.11	31.47	0.01%	601,927.32	170.40%	(601,895.85)	-170.39%
2001 - 2003	382,500.55	2,297.45	0.60%	670,969.91	175.42%	(668,672.46)	-174.82%
2002 - 2004	443,600.92	2,265.98	0.51%	838,891.44	189.11%	(836,625.46)	-188.60%
2003 - 2005	439,630.74	2,344.70	0.53%	898,389.91	204.35%	(896,045.21)	-203.82%
2004 - 2006	383,023.22	353.74	0.09%	895,084.93	233.69%	(894,731.19)	-233.60%
2005 - 2007	371,297.42	400.05	0.11%	891,310.47	240.05%	(890,910.42)	-239.95%
2006 - 2008	392,865.61	782.56	0.20%	956,112.17	243.37%	(955,329.61)	-243.17%

Montana-Dakota Utilities Company
Gas Division
381.00 METERS

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1968	89,621.05	20,853.15	23.27%	100.61	0.11%	20,752.54	23.16%
1969	88,141.67	21,175.77	24.02%	4.76	0.01%	21,171.01	24.02%
1970	84,232.62	22,634.02	26.87%	0.00	0.00%	22,634.02	26.87%
1971	113,603.29	45,459.80	40.02%	0.00	0.00%	45,459.80	40.02%
1972	104,367.42	28,705.75	27.50%	5.00	0.00%	28,700.75	27.50%
1973	103,144.67	33,345.95	32.33%	0.00	0.00%	33,345.95	32.33%
1974	102,736.09	52,118.35	50.73%	0.00	0.00%	52,118.35	50.73%
1975	165,635.60	63,047.92	38.06%	0.00	0.00%	63,047.92	38.06%
1976	135,627.82	59,618.84	43.96%	0.00	0.00%	59,618.84	43.96%
1977	71,937.22	25,174.11	34.99%	0.00	0.00%	25,174.11	34.99%
1978	131,277.92	52,316.96	39.85%	0.00	0.00%	52,316.96	39.85%
1979	148,233.80	64,025.07	43.19%	(43.43)	-0.03%	64,068.50	43.22%
1980	305,397.80	208,883.27	68.40%	77.59	0.03%	208,805.68	68.37%
1981	126,975.53	50,478.48	39.75%	0.00	0.00%	50,478.48	39.75%
1982	154,079.01	35,126.16	22.80%	(167.28)	-0.11%	35,293.44	22.91%
1983	162,477.00	27,158.04	16.72%	(22.73)	-0.01%	27,180.77	16.73%
1984	271,430.65	51,182.92	18.86%	0.00	0.00%	51,182.92	18.86%
1985	5,915.92	-700.00	-11.83%	0.00	0.00%	(700.00)	-11.83%
1986	120,997.42	22,771.82	18.82%	0.00	0.00%	22,771.82	18.82%
1987	113,329.32	19,829.78	17.50%	0.00	0.00%	19,829.78	17.50%
1988	133,122.11	20,425.53	15.34%	0.00	0.00%	20,425.53	15.34%
1989	118,174.74	16,855.60	14.26%	0.00	0.00%	16,855.60	14.26%
1990	74,744.83	6,283.18	8.41%	0.00	0.00%	6,283.18	8.41%
1991	80,430.53	2,892.22	3.60%	0.00	0.00%	2,892.22	3.60%
1992	106,428.89	2,245.90	2.11%	0.00	0.00%	2,245.90	2.11%
1993	86,460.76	4,464.18	5.16%	0.00	0.00%	4,464.18	5.16%
1994	140,444.26	4,954.94	3.53%	28.34	0.02%	4,926.60	3.51%
1995	265,413.57	140.83	0.05%	0.00	0.00%	140.83	0.05%

Montana-Dakota Utilities Company
Gas Division
381.00 METERS

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1996	143,875.77	8,202.93	5.70%	0.00	0.00%	8,202.93	5.70%
1997	163,997.79	3,569.20	2.18%	0.00	0.00%	3,569.20	2.18%
1998	167,984.94	395.20	0.24%	0.00	0.00%	395.20	0.24%
1999	105,617.04	1,111.77	1.05%	0.00	0.00%	1,111.77	1.05%
2000	82,561.94	12,514.29	15.16%	0.00	0.00%	12,514.29	15.16%
2001	417,486.88	3,201.41	0.77%	92,372.21	22.13%	(89,170.80)	-21.36%
2002	1,907.40	755.86	39.63%	78.00	4.09%	677.86	35.54%
2003	13,397.63	10,850.29	80.99%	837.73	6.25%	10,012.56	74.73%
2004	29,662.11	13,191.45	44.47%	6,515.30	21.97%	6,676.15	22.51%
2005	1,342,411.55	35,501.30	2.64%	418,681.00	31.19%	(383,179.70)	-28.54%
2006	46,151.70	29,808.13	64.59%	6,552.00	14.20%	23,256.13	50.39%
2007	569,985.49	11,103.05	1.95%	0.00	0.00%	11,103.05	1.95%
2008	53,910.77	48,607.78	90.16%	143,105.00	265.45%	(94,497.22)	-175.28%

Montana-Dakota Utilities Company

Gas Division

381.00 METERS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1968 - 1970	261,995.34	64,662.94	24.68%	105.37	0.04%	64,557.57	24.64%
1969 - 1971	285,977.58	89,269.59	31.22%	4.76	0.00%	89,264.83	31.21%
1970 - 1972	302,203.33	96,799.57	32.03%	5.00	0.00%	96,794.57	32.03%
1971 - 1973	321,115.38	107,511.50	33.48%	5.00	0.00%	107,506.50	33.48%
1972 - 1974	310,248.18	114,170.05	36.80%	5.00	0.00%	114,165.05	36.80%
1973 - 1975	371,516.36	148,512.22	39.97%	0.00	0.00%	148,512.22	39.97%
1974 - 1976	403,999.51	174,785.11	43.26%	0.00	0.00%	174,785.11	43.26%
1975 - 1977	373,200.64	147,840.87	39.61%	0.00	0.00%	147,840.87	39.61%
1976 - 1978	338,842.96	137,109.91	40.46%	0.00	0.00%	137,109.91	40.46%
1977 - 1979	351,448.94	141,516.14	40.27%	(43.43)	-0.01%	141,559.57	40.28%
1978 - 1980	584,909.52	325,225.30	55.60%	34.16	0.01%	325,191.14	55.60%
1979 - 1981	580,607.13	323,386.82	55.70%	34.16	0.01%	323,352.66	55.69%
1980 - 1982	586,452.34	294,487.91	50.22%	(89.69)	-0.02%	294,577.60	50.23%
1981 - 1983	443,531.54	112,762.68	25.42%	(190.01)	-0.04%	112,952.69	25.47%
1982 - 1984	587,986.66	113,467.12	19.30%	(190.01)	-0.03%	113,657.13	19.33%
1983 - 1985	439,823.57	77,640.96	17.65%	(22.73)	-0.01%	77,663.69	17.66%
1984 - 1986	398,343.99	73,254.74	18.39%	0.00	0.00%	73,254.74	18.39%
1985 - 1987	240,242.66	41,901.60	17.44%	0.00	0.00%	41,901.60	17.44%
1986 - 1988	367,448.85	63,027.13	17.15%	0.00	0.00%	63,027.13	17.15%
1987 - 1989	364,626.17	57,110.91	15.66%	0.00	0.00%	57,110.91	15.66%
1988 - 1990	326,041.68	43,564.31	13.36%	0.00	0.00%	43,564.31	13.36%
1989 - 1991	273,350.10	26,031.00	9.52%	0.00	0.00%	26,031.00	9.52%
1990 - 1992	261,604.25	11,421.30	4.37%	0.00	0.00%	11,421.30	4.37%
1991 - 1993	273,320.18	9,602.30	3.51%	0.00	0.00%	9,602.30	3.51%
1992 - 1994	333,333.91	11,665.02	3.50%	28.34	0.01%	11,636.68	3.49%
1993 - 1995	492,318.59	9,559.95	1.94%	28.34	0.01%	9,531.61	1.94%
1994 - 1996	549,733.60	13,298.70	2.42%	28.34	0.01%	13,270.36	2.41%
1995 - 1997	573,287.13	11,912.96	2.08%	0.00	0.00%	11,912.96	2.08%

Montana-Dakota Utilities Company
Gas Division
381.00 METERS

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	475,858.50	12,167.33	2.56%	0.00	0.00%	12,167.33	2.56%
1997 - 1999	437,599.77	5,076.17	1.16%	0.00	0.00%	5,076.17	1.16%
1998 - 2000	356,163.92	14,021.26	3.94%	0.00	0.00%	14,021.26	3.94%
1999 - 2001	605,665.86	16,827.47	2.78%	92,372.21	15.25%	(75,544.74)	-12.47%
2000 - 2002	501,956.22	16,471.56	3.28%	92,450.21	18.42%	(75,978.65)	-15.14%
2001 - 2003	432,791.91	14,807.56	3.42%	93,287.94	21.55%	(78,480.38)	-18.13%
2002 - 2004	44,967.14	24,797.60	55.15%	7,431.03	16.53%	17,366.57	38.62%
2003 - 2005	1,385,471.29	59,543.04	4.30%	426,034.03	30.75%	(366,490.99)	-26.45%
2004 - 2006	1,418,225.36	78,500.88	5.54%	431,748.30	30.44%	(353,247.42)	-24.91%
2005 - 2007	1,958,548.74	76,412.48	3.90%	425,233.00	21.71%	(348,820.52)	-17.81%
2006 - 2008	670,047.96	89,518.96	13.36%	149,657.00	22.34%	(60,138.04)	-8.98%

Montana-Dakota Utilities Company

Gas Division

381.00 METERS

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1968 - 2008	6,743,332.52	1,140,281.20	16.91	668,124.10	9.91	472,157.10	7.00

Trend Analysis (End Year) 2008

***Based Upon Three - Year Rolling Averages**

Annual Inflation Rate	2.75%
Average Service Life (ASL)	35.0
Average Retirement Age (Yrs)	11.7
Years To ASL	23.3
Inflation Factor At 2.75% to ASL	1.88

**Gross Salvage
Linear Trend Analysis**

1989-2008	20 - Year Trend	10.29%
1994-2008	15 - Year Trend	14.91%
1999-2008	10 - Year Trend	15.62%
2004-2008	5 - Year Trend	0.00% *

***Forecasted Gross Salvage Calculates To Less Than 0.00%—Percentage Set To A Floor of 0.00%.**

Forecasted

Gross Salvage	0.00% *
(Five Year Trend)	
Cost Of Removal	18.66%
Net Salvage	-18.66%

**Montana-Dakota Utilities Company
Gas Division**

383.00 HOUSE REGULATORS

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1968	10,480.51	1,798.17	17.16%	0.00	0.00%	1,798.17	17.16%
1969	15,625.37	1,952.40	12.50%	0.00	0.00%	1,952.40	12.50%
1970	7,948.48	2,721.43	34.24%	0.00	0.00%	2,721.43	34.24%
1971	13,967.47	1,582.76	11.33%	0.00	0.00%	1,582.76	11.33%
1972	19,005.32	5,947.81	31.30%	51.06	0.27%	5,896.75	31.03%
1973	19,824.36	7,979.91	40.25%	0.00	0.00%	7,979.91	40.25%
1974	16,485.63	2,951.77	17.91%	0.00	0.00%	2,951.77	17.91%
1975	18,650.29	13,618.89	73.02%	0.00	0.00%	13,618.89	73.02%
1976	22,731.51	7,934.37	34.90%	131.40	0.58%	7,802.97	34.33%
1977	11,250.78	3,332.87	29.62%	78.30	0.70%	3,254.57	28.93%
1978	13,280.23	3,807.19	28.67%	9.58	0.07%	3,797.61	28.60%
1979	16,135.49	6,063.67	37.58%	0.00	0.00%	6,063.67	37.58%
1980	17,812.86	5,072.17	28.47%	76.60	0.43%	4,995.57	28.04%
1981	18,881.47	2,694.22	14.27%	26.37	0.14%	2,667.85	14.13%
1982	31,214.62	3,046.01	9.76%	0.00	0.00%	3,046.01	9.76%
1983	34,299.20	4,938.52	14.40%	0.00	0.00%	4,938.52	14.40%
1984	54,363.07	4,955.13	9.11%	0.00	0.00%	4,955.13	9.11%
1985	31,528.72	-220.00	-0.70%	96.12	0.30%	(316.12)	-1.00%
1986	26,481.25	6,050.68	22.85%	0.00	0.00%	6,050.68	22.85%
1987	28,723.49	3,727.71	12.98%	836.11	2.91%	2,891.60	10.07%
1988	37,400.09	4,520.88	12.09%	668.31	1.79%	3,852.57	10.30%
1989	37,255.58	3,404.35	9.14%	0.00	0.00%	3,404.35	9.14%
1990	45,689.19	2,229.08	4.88%	0.00	0.00%	2,229.08	4.88%
1991	51,279.08	4,323.62	8.43%	173.62	0.34%	4,150.00	8.09%
1992	33,968.77	6,837.93	20.13%	0.00	0.00%	6,837.93	20.13%
1993	35,131.57	3,569.60	10.16%	0.00	0.00%	3,569.60	10.16%
1994	35,847.05	3,465.08	9.67%	0.00	0.00%	3,465.08	9.67%
1995	38,394.60	378.34	0.99%	0.00	0.00%	378.34	0.99%

Montana-Dakota Utilities Company

Gas Division

383.00 HOUSE REGULATORS

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1996	55,447.33	10,698.81	19.30%	737.81	1.33%	9,961.00	17.96%
1997	16,405.83	7,613.53	46.41%	0.00	0.00%	7,613.53	46.41%
1998	30,249.00	1,656.02	5.47%	0.00	0.00%	1,656.02	5.47%
1999	887.29	2,804.86	316.12%	0.00	0.00%	2,804.86	316.12%
2000	3,372.89	5,066.21	150.20%	72.07	2.14%	4,994.14	148.07%
2001	22,146.01	1,874.12	8.46%	0.00	0.00%	1,874.12	8.46%
2002	5,255.00	717.47	13.65%	0.00	0.00%	717.47	13.65%
2003	11,656.19	2,539.24	21.78%	0.00	0.00%	2,539.24	21.78%
2004	3,291.86	2,286.71	69.47%	0.00	0.00%	2,286.71	69.47%
2005	18.93	4,479.02	23660.96%	0.00	0.00%	4,479.02	23660.96%
2006	1,838.43	8,134.94	442.49%	0.00	0.00%	8,134.94	442.49%
2007	273.27	5,843.89	2138.50%	0.00	0.00%	5,843.89	2138.50%
2008	7,275.67	11,579.04	159.15%	745.37	10.24%	10,833.67	148.90%

Montana-Dakota Utilities Company

Gas Division

383.00 HOUSE REGULATORS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<u>Three - Year Rolling Bands</u>								
1968 - 1970	34,054.36	6,472.00	19.00%	0.00	0.00%	6,472.00	19.00%	
1969 - 1971	37,541.32	6,256.59	16.67%	0.00	0.00%	6,256.59	16.67%	
1970 - 1972	40,921.27	10,252.00	25.05%	51.06	0.12%	10,200.94	24.93%	
1971 - 1973	52,797.15	15,510.48	29.38%	51.06	0.10%	15,459.42	29.28%	
1972 - 1974	55,315.31	16,879.49	30.52%	51.06	0.09%	16,828.43	30.42%	
1973 - 1975	54,960.28	24,550.57	44.67%	0.00	0.00%	24,550.57	44.67%	
1974 - 1976	57,867.43	24,505.03	42.35%	131.40	0.23%	24,373.63	42.12%	
1975 - 1977	52,632.58	24,886.13	47.28%	209.70	0.40%	24,676.43	46.88%	
1976 - 1978	47,262.52	15,074.43	31.90%	219.28	0.46%	14,855.15	31.43%	
1977 - 1979	40,666.50	13,203.73	32.47%	87.88	0.22%	13,115.85	32.25%	
1978 - 1980	47,228.58	14,943.03	31.64%	86.18	0.18%	14,856.85	31.46%	
1979 - 1981	52,829.82	13,830.06	26.18%	102.97	0.19%	13,727.09	25.98%	
1980 - 1982	67,908.95	10,812.40	15.92%	102.97	0.15%	10,709.43	15.77%	
1981 - 1983	84,395.29	10,678.75	12.65%	26.37	0.03%	10,652.38	12.62%	
1982 - 1984	119,876.89	12,939.66	10.79%	0.00	0.00%	12,939.66	10.79%	
1983 - 1985	120,190.99	9,673.65	8.05%	96.12	0.08%	9,577.53	7.97%	
1984 - 1986	112,373.04	10,785.81	9.60%	96.12	0.09%	10,689.69	9.51%	
1985 - 1987	86,733.46	9,558.39	11.02%	932.23	1.07%	8,626.16	9.95%	
1986 - 1988	92,604.83	14,299.27	15.44%	1,504.42	1.62%	12,794.85	13.82%	
1987 - 1989	103,379.16	11,652.94	11.27%	1,504.42	1.46%	10,148.52	9.82%	
1988 - 1990	120,344.86	10,154.31	8.44%	668.31	0.56%	9,486.00	7.88%	
1989 - 1991	134,223.85	9,957.05	7.42%	173.62	0.13%	9,783.43	7.29%	
1990 - 1992	130,937.04	13,390.63	10.23%	173.62	0.13%	13,217.01	10.09%	
1991 - 1993	120,379.42	14,731.15	12.24%	173.62	0.14%	14,557.53	12.09%	
1992 - 1994	104,947.39	13,872.61	13.22%	0.00	0.00%	13,872.61	13.22%	
1993 - 1995	109,373.22	7,413.02	6.78%	0.00	0.00%	7,413.02	6.78%	
1994 - 1996	129,688.98	14,542.23	11.21%	737.81	0.57%	13,804.42	10.64%	
1995 - 1997	110,247.76	18,690.68	16.95%	737.81	0.67%	17,952.87	16.28%	

Montana-Dakota Utilities Company

Gas Division

383.00 HOUSE REGULATORS

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	102,102.16	19,968.36	19.56%	737.81	0.72%	19,230.55	18.83%
1997 - 1999	47,542.12	12,074.41	25.40%	0.00	0.00%	12,074.41	25.40%
1998 - 2000	34,509.18	9,527.09	27.61%	72.07	0.21%	9,455.02	27.40%
1999 - 2001	26,406.19	9,745.19	36.90%	72.07	0.27%	9,673.12	36.63%
2000 - 2002	30,773.90	7,657.80	24.88%	72.07	0.23%	7,585.73	24.65%
2001 - 2003	39,057.20	5,130.83	13.14%	0.00	0.00%	5,130.83	13.14%
2002 - 2004	20,203.05	5,543.42	27.44%	0.00	0.00%	5,543.42	27.44%
2003 - 2005	14,966.98	9,304.97	62.17%	0.00	0.00%	9,304.97	62.17%
2004 - 2006	5,149.22	14,900.67	289.38%	0.00	0.00%	14,900.67	289.38%
2005 - 2007	2,130.63	18,457.85	866.31%	0.00	0.00%	18,457.85	866.31%
2006 - 2008	9,387.37	25,557.87	272.26%	745.37	7.94%	24,812.50	264.32%

Montana-Dakota Utilities Company
Gas Division

385.00 IND. MEAS. & REG. STA. EQUIP.

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1968	613.45	-2,577.52	-420.17%	129.34	21.08%	(2,706.86)	-441.25%
1969	4,471.70	-26.46	-0.59%	179.48	4.01%	(205.94)	-4.61%
1970	840.44	-274.04	-32.61%	0.00	0.00%	(274.04)	-32.61%
1971	1,921.57	-1,005.39	-52.32%	59.46	3.09%	(1,064.85)	-55.42%
1972	2,369.19	-236.27	-9.97%	156.56	6.61%	(392.83)	-16.58%
1973	337.68	-693.23	-205.29%	12.88	3.81%	(706.11)	-209.11%
1974	1,632.24	0.00	0.00%	7.72	0.47%	(7.72)	-0.47%
1975	809.14	-3,193.08	-394.63%	31.14	3.85%	(3,224.22)	-398.47%
1976	2,695.45	-460.91	-17.10%	314.64	11.67%	(775.55)	-28.77%
1977	628.56	-13.63	-2.17%	90.60	14.41%	(104.23)	-16.58%
1978	246.13	-225.71	-91.70%	46.40	18.85%	(272.11)	-110.56%
1979	848.27	-1,982.76	-233.74%	358.00	42.20%	(2,340.76)	-275.95%
1980	2,986.62	-1,027.50	-34.40%	391.29	13.10%	(1,418.79)	-47.50%
1981	4,852.47	-1,293.36	-26.65%	318.84	6.57%	(1,612.20)	-33.22%
1982	2,491.09	-1,109.18	-44.53%	487.82	19.58%	(1,597.00)	-64.11%
1983	937.60	-897.15	-95.69%	226.31	24.14%	(1,123.46)	-119.82%
1984	1,819.48	0.00	0.00%	20.05	1.10%	(20.05)	-1.10%
1985	242.94	-227.14	-93.50%	384.69	158.35%	(611.83)	-251.84%
1986	573.60	-2,075.47	-361.83%	0.00	0.00%	(2,075.47)	-361.83%
1987	5,110.78	-1,187.43	-23.23%	653.90	12.79%	(1,841.33)	-36.03%
1988	626.39	0.00	0.00%	118.00	18.84%	(118.00)	-18.84%
1989	352.03	-1,503.95	-427.22%	0.00	0.00%	(1,503.95)	-427.22%
1990	3,978.13	-3,065.40	-77.06%	48.64	1.22%	(3,114.04)	-78.28%
1991	20,057.46	0.00	0.00%	1,824.81	9.10%	(1,824.81)	-9.10%
1992	5,915.92	-700.00	-11.83%	0.00	0.00%	(700.00)	-11.83%
1993	0.00	-5,952.35	0.00%	0.00	0.00%	(5,952.35)	0.00%
1994	9,478.47	0.00	0.00%	612.40	6.46%	(612.40)	-6.46%
1995	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%

Montana-Dakota Utilities Company
Gas Division

385.00 IND. MEAS. & REG. STA. EQUIP.

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1996	521.01	0.00	0.00%	0.00	0.00%	0.00	0.00%
1997	1,778.43	0.00	0.00%	0.00	0.00%	0.00	0.00%
1998	7,894.41	0.00	0.00%	0.00	0.00%	0.00	0.00%
1999	8,225.85	0.00	0.00%	1,350.95	16.42%	(1,350.95)	-16.42%
2000	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2001	375.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2002	561.38	0.00	0.00%	199.68	35.57%	(199.68)	-35.57%
2003	6,163.55	0.00	0.00%	0.00	0.00%	0.00	0.00%
2004	464.54	0.00	0.00%	0.00	0.00%	0.00	0.00%
2005	2,526.60	0.00	0.00%	0.00	0.00%	0.00	0.00%
2006	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2007	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2008	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%

Montana-Dakota Utilities Company
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385.00 IND. MEAS. & REG. STA. EQUIP.

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1968 - 1970	5,925.59	-2,878.02	-48.57%	308.82	5.21%	(3,186.84)	-53.78%
1969 - 1971	7,233.71	-1,305.89	-18.05%	238.94	3.30%	(1,544.83)	-21.36%
1970 - 1972	5,131.20	-1,515.70	-29.54%	216.02	4.21%	(1,731.72)	-33.75%
1971 - 1973	4,628.44	-1,934.89	-41.80%	228.90	4.95%	(2,163.79)	-46.75%
1972 - 1974	4,339.11	-929.50	-21.42%	177.16	4.08%	(1,106.66)	-25.50%
1973 - 1975	2,779.06	-3,886.31	-139.84%	51.74	1.86%	(3,938.05)	-141.70%
1974 - 1976	5,136.83	-3,653.99	-71.13%	353.50	6.88%	(4,007.49)	-78.01%
1975 - 1977	4,133.15	-3,667.62	-88.74%	436.38	10.56%	(4,104.00)	-99.29%
1976 - 1978	3,570.14	-700.25	-19.61%	451.64	12.65%	(1,151.89)	-32.26%
1977 - 1979	1,722.96	-2,222.10	-128.97%	495.00	28.73%	(2,717.10)	-157.70%
1978 - 1980	4,081.02	-3,235.97	-79.29%	795.69	19.50%	(4,031.66)	-98.79%
1979 - 1981	8,687.36	-4,303.62	-49.54%	1,068.13	12.30%	(5,371.75)	-61.83%
1980 - 1982	10,330.18	-3,430.04	-33.20%	1,197.95	11.60%	(4,627.99)	-44.80%
1981 - 1983	8,281.16	-3,299.69	-39.85%	1,032.97	12.47%	(4,332.66)	-52.32%
1982 - 1984	5,248.17	-2,006.33	-38.23%	734.18	13.99%	(2,740.51)	-52.22%
1983 - 1985	3,000.02	-1,124.29	-37.48%	631.05	21.03%	(1,755.34)	-58.51%
1984 - 1986	2,636.02	-2,302.61	-87.35%	404.74	15.35%	(2,707.35)	-102.71%
1985 - 1987	5,927.32	-3,490.04	-58.88%	1,038.59	17.52%	(4,528.63)	-76.40%
1986 - 1988	6,310.77	-3,262.90	-51.70%	771.90	12.23%	(4,034.80)	-63.94%
1987 - 1989	6,089.20	-2,691.38	-44.20%	771.90	12.68%	(3,463.28)	-56.88%
1988 - 1990	4,956.55	-4,569.35	-92.19%	166.64	3.36%	(4,735.99)	-95.55%
1989 - 1991	24,387.62	-4,569.35	-18.74%	1,873.45	7.68%	(6,442.80)	-26.42%
1990 - 1992	29,951.51	-3,765.40	-12.57%	1,873.45	6.25%	(5,638.85)	-18.83%
1991 - 1993	25,973.38	-6,652.35	-25.61%	1,824.81	7.03%	(8,477.16)	-32.64%
1992 - 1994	15,394.39	-6,652.35	-43.21%	612.40	3.98%	(7,264.75)	-47.19%
1993 - 1995	9,478.47	-5,952.35	-62.80%	612.40	6.46%	(6,564.75)	-69.26%
1994 - 1996	9,999.48	0.00	0.00%	612.40	6.12%	(612.40)	-6.12%
1995 - 1997	2,299.44	0.00	0.00%	0.00	0.00%	0.00	0.00%

Montana-Dakota Utilities Company
Gas Division

385.00 IND. MEAS. & REG. STA. EQUIP.

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of</u> <u>Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<u>Three - Year Rolling Bands</u>								
1996 - 1998	10,193.85	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1997 - 1999	17,898.69	0.00	0.00%	1,350.95	7.55%	(1,350.95)	-7.55%	
1998 - 2000	16,120.26	0.00	0.00%	1,350.95	8.38%	(1,350.95)	-8.38%	
1999 - 2001	8,600.85	0.00	0.00%	1,350.95	15.71%	(1,350.95)	-15.71%	
2000 - 2002	936.38	0.00	0.00%	199.68	21.32%	(199.68)	-21.32%	
2001 - 2003	7,099.93	0.00	0.00%	199.68	2.81%	(199.68)	-2.81%	
2002 - 2004	7,189.47	0.00	0.00%	199.68	2.78%	(199.68)	-2.78%	
2003 - 2005	9,154.69	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2004 - 2006	2,991.14	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2005 - 2007	2,526.60	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2006 - 2008	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	

Montana-Dakota Utilities Company
Gas Division

385.00 IND. MEAS. & REG. STA. EQUIP.

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>

Three - Year Rolling Bands

1968 - 2008	105,347.57	-29,727.93	-28.22	8,023.60	7.62	(37,751.53)	-35.84
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Trend Analysis (End Year) 2008

***Based Upon Three - Year Rolling Averages**

Annual Inflation Rate	2.75%
Average Service Life (ASL)	35.0
Average Retirement Age (Yrs)	14.9
Years To ASL	20.1
Inflation Factor At 2.75% to ASL	1.72

<u>Gross Salvage</u>		
<u>Linear Trend Analysis</u>		
1989-2008	20 - Year Trend	16.31%
1994-2008	15 - Year Trend	12.34%
1999-2008	10 - Year Trend	0.00%
2004-2008	5 - Year Trend	0.00%

Forecasted

Gross Salvage	0.00%
(Five Year Trend)	
Cost Of Removal	13.14%
Net Salvage	-13.14%

Montana-Dakota Utilities Company

Gas Division

386.20 CNG REFUELING STATIONS

Forecasted Future Net Salvage

Based Upon Experienced Net Salvage 2006 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
2006	170,931.14	0.00	0.00%	0.00	0.00%	0.00	0.00%
2007	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2008	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%

Montana-Dakota Utilities Company

Gas Division

386.20 CNG REFUELING STATIONS

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 2006 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<u>Three - Year Rolling Bands</u>								
2006 - 2008	170,931.14	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2006 - 2008	170,931.14	0.00	0.00	0.00	0.00	0.00	0.00	

Trend Analysis (End Year) 2008

***Based Upon Three - Year Rolling Averages**

Annual Inflation Rate	2.75%
Average Service Life (ASL)	15.0
Average Retirement Age (Yrs)	14.5
Years To ASL	0.5
Inflation Factor At 2.75% to ASL	1.01

**Gross Salvage
Linear Trend Analysis**

1989-2008	20 - Year Trend	0.00%
1994-2008	15 - Year Trend	0.00%
1999-2008	10 - Year Trend	0.00%
2004-2008	5 - Year Trend	0.00%

Forecasted

Gross Salvage	0.00%
(Five Year Trend)	
Cost Of Removal	0.00%
Net Salvage	0.00%

Montana-Dakota Utilities Company

Gas Division

387.10 CATHODIC PROTECTION EQUIP.

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1968	5,811.75	0.00	0.00%	0.00	0.00%	0.00	0.00%
1969	11,739.35	0.00	0.00%	0.00	0.00%	0.00	0.00%
1970	1,543.21	-459.00	-29.74%	112.23	7.27%	(571.23)	-37.02%
1971	10,490.96	0.00	0.00%	0.00	0.00%	0.00	0.00%
1972	19,729.18	0.00	0.00%	0.00	0.00%	0.00	0.00%
1973	18,059.89	0.00	0.00%	0.00	0.00%	0.00	0.00%
1974	9,563.58	0.00	0.00%	0.00	0.00%	0.00	0.00%
1975	8,497.19	0.00	0.00%	0.00	0.00%	0.00	0.00%
1976	11,454.91	0.00	0.00%	0.00	0.00%	0.00	0.00%
1977	17,086.04	0.00	0.00%	13.44	0.08%	(13.44)	-0.08%
1978	15,552.61	0.00	0.00%	15.95	0.10%	(15.95)	-0.10%
1979	8,364.88	0.00	0.00%	0.00	0.00%	0.00	0.00%
1980	14,978.92	583.96	3.90%	0.00	0.00%	583.96	3.90%
1981	15,697.01	0.00	0.00%	0.00	0.00%	0.00	0.00%
1982	12,740.49	0.00	0.00%	0.00	0.00%	0.00	0.00%
1983	15,906.12	0.00	0.00%	499.89	3.14%	(499.89)	-3.14%
1984	20,715.99	0.00	0.00%	615.83	2.97%	(615.83)	-2.97%
1985	4,817.26	-99.41	-2.06%	2,014.67	41.82%	(2,114.08)	-43.89%
1986	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1987	19,054.14	186.00	0.98%	669.05	3.51%	(483.05)	-2.54%
1988	31,269.89	200.00	0.64%	407.10	1.30%	(207.10)	-0.66%
1989	17,992.33	727.66	4.04%	405.51	2.25%	322.15	1.79%
1990	1,264.75	0.00	0.00%	0.00	0.00%	0.00	0.00%
1991	23,983.88	1,054.24	4.40%	517.44	2.16%	536.80	2.24%
1992	31,528.72	-220.00	-0.70%	4,193.91	13.30%	(4,413.91)	-14.00%
1993	57,065.06	477.66	0.84%	876.70	1.54%	(399.04)	-0.70%
1994	33,869.58	2,255.32	6.66%	160.59	0.47%	2,094.73	6.18%
1995	7,284.00	0.00	0.00%	0.00	0.00%	0.00	0.00%

Montana-Dakota Utilities Company
Gas Division

387.10 CATHODIC PROTECTION EQUIP.

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1996	24,784.53	477.66	1.93%	295.65	1.19%	182.01	0.73%
1997	18,582.17	478.00	2.57%	27.98	0.15%	450.02	2.42%
1998	15,042.49	0.00	0.00%	44.71	0.30%	(44.71)	-0.30%
1999	18,373.16	0.00	0.00%	133.29	0.73%	(133.29)	-0.73%
2000	18,008.38	0.00	0.00%	104.13	0.58%	(104.13)	-0.58%
2001	20,910.61	0.00	0.00%	0.00	0.00%	0.00	0.00%
2002	6,232.69	0.00	0.00%	80.32	1.29%	(80.32)	-1.29%
2003	5,053.34	743.61	14.72%	0.00	0.00%	743.61	14.72%
2004	11,487.44	0.00	0.00%	16.10	0.14%	(16.10)	-0.14%
2005	17,644.73	0.00	0.00%	0.00	0.00%	0.00	0.00%
2006	4,083.92	0.00	0.00%	0.00	0.00%	0.00	0.00%
2007	12,684.22	0.00	0.00%	317.00	2.50%	(317.00)	-2.50%
2008	3,961.70	0.00	0.00%	0.00	0.00%	0.00	0.00%

Montana-Dakota Utilities Company
Gas Division

387.10 CATHODIC PROTECTION EQUIP.

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1968 - 1970	19,094.31	-459.00	-2.40%	112.23	0.59%	(571.23)	-2.99%
1969 - 1971	23,773.52	-459.00	-1.93%	112.23	0.47%	(571.23)	-2.40%
1970 - 1972	31,763.35	-459.00	-1.45%	112.23	0.35%	(571.23)	-1.80%
1971 - 1973	48,280.03	0.00	0.00%	0.00	0.00%	0.00	0.00%
1972 - 1974	47,352.65	0.00	0.00%	0.00	0.00%	0.00	0.00%
1973 - 1975	36,120.66	0.00	0.00%	0.00	0.00%	0.00	0.00%
1974 - 1976	29,515.68	0.00	0.00%	0.00	0.00%	0.00	0.00%
1975 - 1977	37,038.14	0.00	0.00%	13.44	0.04%	(13.44)	-0.04%
1976 - 1978	44,093.56	0.00	0.00%	29.39	0.07%	(29.39)	-0.07%
1977 - 1979	41,003.53	0.00	0.00%	29.39	0.07%	(29.39)	-0.07%
1978 - 1980	38,896.41	583.96	1.50%	15.95	0.04%	568.01	1.46%
1979 - 1981	39,040.81	583.96	1.50%	0.00	0.00%	583.96	1.50%
1980 - 1982	43,416.42	583.96	1.35%	0.00	0.00%	583.96	1.35%
1981 - 1983	44,343.62	0.00	0.00%	499.89	1.13%	(499.89)	-1.13%
1982 - 1984	49,362.60	0.00	0.00%	1,115.72	2.26%	(1,115.72)	-2.26%
1983 - 1985	41,439.37	-99.41	-0.24%	3,130.39	7.55%	(3,229.80)	-7.79%
1984 - 1986	25,533.25	-99.41	-0.39%	2,630.50	10.30%	(2,729.91)	-10.69%
1985 - 1987	23,871.40	86.59	0.36%	2,683.72	11.24%	(2,597.13)	-10.88%
1986 - 1988	50,324.03	386.00	0.77%	1,076.15	2.14%	(690.15)	-1.37%
1987 - 1989	68,316.36	1,113.66	1.63%	1,481.66	2.17%	(368.00)	-0.54%
1988 - 1990	50,526.97	927.66	1.84%	812.61	1.61%	115.05	0.23%
1989 - 1991	43,240.96	1,781.90	4.12%	922.95	2.13%	858.95	1.99%
1990 - 1992	56,777.35	834.24	1.47%	4,711.35	8.30%	(3,877.11)	-6.83%
1991 - 1993	112,577.66	1,311.90	1.17%	5,588.05	4.96%	(4,276.15)	-3.80%
1992 - 1994	122,463.36	2,512.98	2.05%	5,231.20	4.27%	(2,718.22)	-2.22%
1993 - 1995	98,218.64	2,732.98	2.78%	1,037.29	1.06%	1,695.69	1.73%
1994 - 1996	65,938.11	2,732.98	4.14%	456.24	0.69%	2,276.74	3.45%
1995 - 1997	50,650.70	955.66	1.89%	323.63	0.64%	632.03	1.25%

Montana-Dakota Utilities Company
Gas Division

387.10 CATHODIC PROTECTION EQUIP.

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	58,409.19	955.66	1.64%	368.34	0.63%	587.32	1.01%
1997 - 1999	51,997.82	478.00	0.92%	205.98	0.40%	272.02	0.52%
1998 - 2000	51,424.03	0.00	0.00%	282.13	0.55%	(282.13)	-0.55%
1999 - 2001	57,292.15	0.00	0.00%	237.42	0.41%	(237.42)	-0.41%
2000 - 2002	45,151.68	0.00	0.00%	184.45	0.41%	(184.45)	-0.41%
2001 - 2003	32,196.64	743.61	2.31%	80.32	0.25%	663.29	2.06%
2002 - 2004	22,773.47	743.61	3.27%	96.42	0.42%	647.19	2.84%
2003 - 2005	34,185.51	743.61	2.18%	16.10	0.05%	727.51	2.13%
2004 - 2006	33,216.09	0.00	0.00%	16.10	0.05%	(16.10)	-0.05%
2005 - 2007	34,412.87	0.00	0.00%	317.00	0.92%	(317.00)	-0.92%
2006 - 2008	20,729.84	0.00	0.00%	317.00	1.53%	(317.00)	-1.53%

**Montana-Dakota Utilities Company
Gas Division**

387.10 CATHODIC PROTECTION EQUIP.

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>

Three - Year Rolling Bands

1968 - 2008	622,911.07	6,405.70	1.03	11,521.49	1.85	(5,115.79)	-0.82
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Trend Analysis (End Year) 2008

***Based Upon Three - Year Rolling Averages**

Annual Inflation Rate	2.75%
Average Service Life (ASL)	20.0
Average Retirement Age (Yrs)	14.5
Years To ASL	5.5
Inflation Factor At 2.75% to ASL	1.16

**Gross Salvage
Linear Trend Analysis**

1989-2008	20 - Year Trend	0.50%
1994-2008	15 - Year Trend	0.18%
1999-2008	10 - Year Trend	0.84%
2004-2008	5 - Year Trend	0.00% *

***Forecasted Gross Salvage Calculates To Less Than 0.00%---Percentage Set To A Floor of 0.00%.**

Forecasted

Gross Salvage	0.00% *
(Five Year Trend)	
Cost Of Removal	2.15%
Net Salvage	-2.15%

Montana-Dakota Utilities Company
Gas Division

387.20 OTHER DISTRIBUTION EQUIP.

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1977 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<u>Annual Activity</u>								
1977	415.20	-1.98	-0.48%	88.61	21.34%	(90.59)	-21.82%	
1978	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1979	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1980	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1981	1,924.52	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1982	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1983	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1984	1,155.90	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1985	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1986	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1987	606.13	-149.36	-24.64%	0.00	0.00%	(149.36)	-24.64%	
1988	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1989	2,669.54	321.00	12.02%	0.00	0.00%	321.00	12.02%	
1990	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1991	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1992	242.94	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1993	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1994	1,158.36	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1995	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1996	3,481.02	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1997	962.88	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1998	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1999	2,659.56	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2000	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2001	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2002	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2003	1,945.37	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2004	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	

Montana-Dakota Utilities Company

Gas Division

387.20 OTHER DISTRIBUTION EQUIP.

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1977 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<u>Annual Activity</u>								
2005	16,213.95	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2006	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2007	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2008	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	

**Montana-Dakota Utilities Company
Gas Division**

387.20 OTHER DISTRIBUTION EQUIP.

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1977 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<u>Three - Year Rolling Bands</u>								
1977 - 1979	415.20	-1.98	-0.48%	88.61	21.34%	(90.59)	-21.82%	
1978 - 1980	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1979 - 1981	1,924.52	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1980 - 1982	1,924.52	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1981 - 1983	1,924.52	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1982 - 1984	1,155.90	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1983 - 1985	1,155.90	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1984 - 1986	1,155.90	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1985 - 1987	606.13	-149.36	-24.64%	0.00	0.00%	(149.36)	-24.64%	
1986 - 1988	606.13	-149.36	-24.64%	0.00	0.00%	(149.36)	-24.64%	
1987 - 1989	3,275.67	171.64	5.24%	0.00	0.00%	171.64	5.24%	
1988 - 1990	2,669.54	321.00	12.02%	0.00	0.00%	321.00	12.02%	
1989 - 1991	2,669.54	321.00	12.02%	0.00	0.00%	321.00	12.02%	
1990 - 1992	242.94	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1991 - 1993	242.94	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1992 - 1994	1,401.30	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1993 - 1995	1,158.36	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1994 - 1996	4,639.38	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1995 - 1997	4,443.90	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1996 - 1998	4,443.90	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1997 - 1999	3,622.44	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1998 - 2000	2,659.56	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1999 - 2001	2,659.56	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2000 - 2002	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2001 - 2003	1,945.37	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2002 - 2004	1,945.37	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2003 - 2005	18,159.32	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2004 - 2006	16,213.95	0.00	0.00%	0.00	0.00%	0.00	0.00%	

Montana-Dakota Utilities Company
Gas Division

387.20 OTHER DISTRIBUTION EQUIP.

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1977 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<u>Three - Year Rolling Bands</u>								
2005 - 2007	16,213.95	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2006 - 2008	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1977 - 2008	33,435.37	169.66	0.51	88.61	0.27	81.05	0.24	

Trend Analysis (End Year)

2008

***Based Upon Three - Year Rolling Averages**

Annual Inflation Rate	2.75%
Average Service Life (ASL)	25.0
Average Retirement Age (Yrs)	18.6
Years To ASL	6.4
Inflation Factor At 2.75% to ASL	1.19

Gross Salvage
Linear Trend Analysis

1989-2008	20 - Year Trend	0.00% *
1994-2008	15 - Year Trend	0.00%
1999-2008	10 - Year Trend	0.00%
2004-2008	5 - Year Trend	0.00%

***Forecasted Gross Salvage Calculates To Less Than 0.00%---Percentage Set To A Floor of 0.00%.**

Forecasted

Gross Salvage	0.00%
(Five Year Trend)	
Cost Of Removal	0.32%
Net Salvage	-0.32%

Montana-Dakota Utilities Company
Gas Division

390.00 STRUCTURES & IMPROVEMENTS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<i>Annual Activity</i>								
1968	4,011.48	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1969	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1970	1,939.40	330.00	17.02%	0.19	0.01%	329.81	17.01%	
1971	220.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1972	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1973	5,237.65	0.00	0.00%	98.15	1.87%	(98.15)	-1.87%	
1974	3,163.71	0.00	0.00%	455.62	14.40%	(455.62)	-14.40%	
1975	1,500.00	0.00	0.00%	62.31	4.15%	(62.31)	-4.15%	
1976	150.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1977	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1978	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1979	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1980	4,154.28	0.00	0.00%	152.88	3.68%	(152.88)	-3.68%	
1981	5,991.28	0.00	0.00%	28.54	0.48%	(28.54)	-0.48%	
1982	2,768.63	197.20	7.12%	56.80	2.05%	140.40	5.07%	
1983	0.00	250.00	0.00%	0.00	0.00%	250.00	0.00%	
1984	52,319.71	0.00	0.00%	1,142.50	2.18%	(1,142.50)	-2.18%	
1985	0.00	0.00	0.00%	542.71	0.00%	(542.71)	0.00%	
1986	4,959.76	1,000.00	20.16%	327.26	6.60%	672.74	13.56%	
1987	100,209.57	0.00	0.00%	85.89	0.09%	(85.89)	-0.09%	
1988	107,578.45	40.00	0.04%	2,115.59	1.97%	(2,075.59)	-1.93%	
1989	10,343.74	0.00	0.00%	629.80	6.09%	(629.80)	-6.09%	
1990	250.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1991	531.17	0.00	0.00%	107.21	20.18%	(107.21)	-20.18%	
1992	4,817.26	-99.41	-2.06%	2,650.10	55.01%	(2,749.51)	-57.08%	
1993	5,081.86	0.00	0.00%	1,859.58	36.59%	(1,859.58)	-36.59%	
1994	1,618.38	0.00	0.00%	15.82	0.98%	(15.82)	-0.98%	
1995	109,499.69	154,090.00	140.72%	934.46	0.85%	153,155.54	139.87%	

Montana-Dakota Utilities Company
Gas Division

390.00 STRUCTURES & IMPROVEMENTS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1996	138,637.71	196,098.21	141.45%	1,217.79	0.88%	194,880.42	140.57%
1997	9,710.60	0.00	0.00%	577.91	5.95%	(577.91)	-5.95%
1998	6,373.20	0.00	0.00%	1,006.53	15.79%	(1,006.53)	-15.79%
1999	2,036.72	0.00	0.00%	0.00	0.00%	0.00	0.00%
2000	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2001	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2002	469,368.95	325,000.00	69.24%	23,530.00	5.01%	301,470.00	64.23%
2003	9,314.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
2004	3,228.00	0.00	0.00%	125.00	3.87%	(125.00)	-3.87%
2005	6,951.13	0.00	0.00%	0.00	0.00%	0.00	0.00%
2006	11,119.09	0.00	0.00%	0.00	0.00%	0.00	0.00%
2007	17,471.72	40,375.00	231.09%	2,001.88	11.46%	38,373.12	219.63%
2008	10,887.80	7,171.21	65.86%	0.00	0.00%	7,171.21	65.86%

Montana-Dakota Utilities Company
Gas Division

390.00 STRUCTURES & IMPROVEMENTS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1968 - 1970	5,950.88	330.00	5.55%	0.19	0.00%	329.81	5.54%
1969 - 1971	2,159.40	330.00	15.28%	0.19	0.01%	329.81	15.27%
1970 - 1972	2,159.40	330.00	15.28%	0.19	0.01%	329.81	15.27%
1971 - 1973	5,457.65	0.00	0.00%	98.15	1.80%	(98.15)	-1.80%
1972 - 1974	8,401.36	0.00	0.00%	553.77	6.59%	(553.77)	-6.59%
1973 - 1975	9,901.36	0.00	0.00%	616.08	6.22%	(616.08)	-6.22%
1974 - 1976	4,813.71	0.00	0.00%	517.93	10.76%	(517.93)	-10.76%
1975 - 1977	1,650.00	0.00	0.00%	62.31	3.78%	(62.31)	-3.78%
1976 - 1978	150.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1977 - 1979	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1978 - 1980	4,154.28	0.00	0.00%	152.88	3.68%	(152.88)	-3.68%
1979 - 1981	10,145.56	0.00	0.00%	181.42	1.79%	(181.42)	-1.79%
1980 - 1982	12,914.19	197.20	1.53%	238.22	1.84%	(41.02)	-0.32%
1981 - 1983	8,759.91	447.20	5.11%	85.34	0.97%	361.86	4.13%
1982 - 1984	55,088.34	447.20	0.81%	1,199.30	2.18%	(752.10)	-1.37%
1983 - 1985	52,319.71	250.00	0.48%	1,685.21	3.22%	(1,435.21)	-2.74%
1984 - 1986	57,279.47	1,000.00	1.75%	2,012.47	3.51%	(1,012.47)	-1.77%
1985 - 1987	105,169.33	1,000.00	0.95%	955.86	0.91%	44.14	0.04%
1986 - 1988	212,747.78	1,040.00	0.49%	2,528.74	1.19%	(1,488.74)	-0.70%
1987 - 1989	218,131.76	40.00	0.02%	2,831.28	1.30%	(2,791.28)	-1.28%
1988 - 1990	118,172.19	40.00	0.03%	2,745.39	2.32%	(2,705.39)	-2.29%
1989 - 1991	11,124.91	0.00	0.00%	737.01	6.62%	(737.01)	-6.62%
1990 - 1992	5,598.43	-99.41	-1.78%	2,757.31	49.25%	(2,856.72)	-51.03%
1991 - 1993	10,430.29	-99.41	-0.95%	4,616.89	44.26%	(4,716.30)	-45.22%
1992 - 1994	11,517.50	-99.41	-0.86%	4,525.50	39.29%	(4,624.91)	-40.16%
1993 - 1995	116,199.93	154,090.00	132.61%	2,809.86	2.42%	151,280.14	130.19%
1994 - 1996	249,755.78	350,188.21	140.21%	2,168.07	0.87%	348,020.14	139.34%
1995 - 1997	257,848.00	350,188.21	135.81%	2,730.16	1.06%	347,458.05	134.75%

**Montana-Dakota Utilities Company
Gas Division**

390.00 STRUCTURES & IMPROVEMENTS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	154,721.51	196,098.21	126.74%	2,802.23	1.81%	193,295.98	124.93%
1997 - 1999	18,120.52	0.00	0.00%	1,584.44	8.74%	(1,584.44)	-8.74%
1998 - 2000	8,409.92	0.00	0.00%	1,006.53	11.97%	(1,006.53)	-11.97%
1999 - 2001	2,036.72	0.00	0.00%	0.00	0.00%	0.00	0.00%
2000 - 2002	469,368.95	325,000.00	69.24%	23,530.00	5.01%	301,470.00	64.23%
2001 - 2003	478,682.95	325,000.00	67.89%	23,530.00	4.92%	301,470.00	62.98%
2002 - 2004	481,910.95	325,000.00	67.44%	23,655.00	4.91%	301,345.00	62.53%
2003 - 2005	19,493.13	0.00	0.00%	125.00	0.64%	(125.00)	-0.64%
2004 - 2006	21,298.22	0.00	0.00%	125.00	0.59%	(125.00)	-0.59%
2005 - 2007	35,541.94	40,375.00	113.60%	2,001.88	5.63%	38,373.12	107.97%
2006 - 2008	39,478.61	47,546.21	120.44%	2,001.88	5.07%	45,544.33	115.36%

**Montana-Dakota Utilities Company
Gas Division**

390.00 STRUCTURES & IMPROVEMENTS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>

Three - Year Rolling Bands

1968 - 2008	1,111,444.94	724,452.21	65.18	39,724.52	3.57	684,727.69	61.61
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Trend Analysis (End Year) 2008

*Based Upon Three - Year Rolling Averages

Annual Inflation Rate	2.75%
Average Service Life (ASL)	31.0
Average Retirement Age (Yrs)	13.6
Years To ASL	17.4
Inflation Factor At 2.75% to ASL	1.61

Gross Salvage
Linear Trend Analysis

1989-2008	20 - Year Trend	79.58%
1994-2008	15 - Year Trend	51.10%
1999-2008	10 - Year Trend	99.56%
2004-2008	5 - Year Trend	126.17%

Forecasted

Gross Salvage	126.17%
(Five Year Trend)	
Cost Of Removal	5.73%
Net Salvage	120.44%

**Montana-Dakota Utilities Company
Gas Division**

392.10 TRANSPORTATION EQUIPMENT - TRAILERS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1996 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<u>Annual Activity</u>								
1996	0.00	316.00	0.00%	47.25	0.00%	268.75	0.00%	
1997	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1998	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
1999	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2000	826.93	150.00	18.14%	0.00	0.00%	150.00	18.14%	
2001	14,059.66	1,701.00	12.10%	0.00	0.00%	1,701.00	12.10%	
2002	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2003	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2004	310.22	50.00	16.12%	0.00	0.00%	50.00	16.12%	
2005	771.47	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2006	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	
2007	7,093.48	2,500.00	35.24%	0.00	0.00%	2,500.00	35.24%	
2008	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%	

**Montana-Dakota Utilities Company
Gas Division**

392.10 TRANSPORTATION EQUIPMENT - TRAILERS

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1996 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	0.00	316.00	0.00%	47.25	0.00%	268.75	0.00%
1997 - 1999	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1998 - 2000	826.93	150.00	18.14%	0.00	0.00%	150.00	18.14%
1999 - 2001	14,886.59	1,851.00	12.43%	0.00	0.00%	1,851.00	12.43%
2000 - 2002	14,886.59	1,851.00	12.43%	0.00	0.00%	1,851.00	12.43%
2001 - 2003	14,059.66	1,701.00	12.10%	0.00	0.00%	1,701.00	12.10%
2002 - 2004	310.22	50.00	16.12%	0.00	0.00%	50.00	16.12%
2003 - 2005	1,081.69	50.00	4.62%	0.00	0.00%	50.00	4.62%
2004 - 2006	1,081.69	50.00	4.62%	0.00	0.00%	50.00	4.62%
2005 - 2007	7,864.95	2,500.00	31.79%	0.00	0.00%	2,500.00	31.79%
2006 - 2008	7,093.48	2,500.00	35.24%	0.00	0.00%	2,500.00	35.24%

**Montana-Dakota Utilities Company
Gas Division**

392.10 TRANSPORTATION EQUIPMENT - TRAILERS

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1996 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>

Three - Year Rolling Bands

1996 - 2008	23,061.76	4,717.00	20.45	47.25	0.20	4,669.75	20.25
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Trend Analysis (End Year) 2008

***Based Upon Three - Year Rolling Averages**

Annual Inflation Rate	2.75%
Average Service Life (ASL)	8.0
Average Retirement Age (Yrs)	4.5
Years To ASL	3.5
Inflation Factor At 2.75% to ASL	1.10

<u>Gross Salvage Linear Trend Analysis</u>		
1989-2008	20 - Year Trend	13.46%
1994-2008	15 - Year Trend	13.46%
1999-2008	10 - Year Trend	26.56%
2004-2008	5 - Year Trend	38.10%

Forecasted

Gross Salvage	38.10%
(Five Year Trend)	
Cost Of Removal	0.22%
Net Salvage	37.88%

Montana-Dakota Utilities Company
Gas Division

392.20 TRANSPORTATION EQUIPMENT - CARS & TRUCKS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1995 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1995	294,595.14	31,225.71	10.60%	332.01	0.11%	30,893.70	10.49%
1996	386,586.06	94,300.22	24.39%	3,363.10	0.87%	90,937.12	23.52%
1997	202,459.15	35,010.10	17.29%	409.73	0.20%	34,600.37	17.09%
1998	436,818.58	106,096.36	24.29%	1,086.25	0.25%	105,010.11	24.04%
1999	349,200.70	56,912.97	16.30%	1,161.44	0.33%	55,751.53	15.97%
2000	706,714.53	124,990.96	17.69%	794.80	0.11%	124,196.16	17.57%
2001	481,092.35	84,394.75	17.54%	1,370.15	0.28%	83,024.60	17.26%
2002	385,989.97	70,616.60	18.29%	788.63	0.20%	69,827.97	18.09%
2003	551,427.51	94,187.99	17.08%	371.20	0.07%	93,816.79	17.01%
2004	703,342.91	126,344.82	17.96%	157.88	0.02%	126,186.94	17.94%
2005	932,459.98	189,285.13	20.30%	0.00	0.00%	189,285.13	20.30%
2006	634,320.92	133,631.75	21.07%	0.00	0.00%	133,631.75	21.07%
2007	761,027.65	158,848.37	20.87%	0.00	0.00%	158,848.37	20.87%
2008	856,416.32	182,815.94	21.35%	0.00	0.00%	182,815.94	21.35%

Montana-Dakota Utilities Company

Gas Division

392.20 TRANSPORTATION EQUIPMENT - CARS & TRUCKS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1995 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1995 - 1997	883,640.35	160,536.03	18.17%	4,104.84	0.46%	156,431.19	17.70%
1996 - 1998	1,025,863.79	235,406.68	22.95%	4,859.08	0.47%	230,547.60	22.47%
1997 - 1999	988,478.43	198,019.43	20.03%	2,657.42	0.27%	195,362.01	19.76%
1998 - 2000	1,492,733.81	288,000.29	19.29%	3,042.49	0.20%	284,957.80	19.09%
1999 - 2001	1,537,007.58	266,298.68	17.33%	3,326.39	0.22%	262,972.29	17.11%
2000 - 2002	1,573,796.85	280,002.31	17.79%	2,953.58	0.19%	277,048.73	17.60%
2001 - 2003	1,418,509.83	249,199.34	17.57%	2,529.98	0.18%	246,669.36	17.39%
2002 - 2004	1,640,760.39	291,149.41	17.74%	1,317.71	0.08%	289,831.70	17.66%
2003 - 2005	2,187,230.40	409,817.94	18.74%	529.08	0.02%	409,288.86	18.71%
2004 - 2006	2,270,123.81	449,261.70	19.79%	157.88	0.01%	449,103.82	19.78%
2005 - 2007	2,327,808.55	481,765.25	20.70%	0.00	0.00%	481,765.25	20.70%
2006 - 2008	2,251,764.89	475,296.06	21.11%	0.00	0.00%	475,296.06	21.11%

**Montana-Dakota Utilities Company
Gas Division**

392.20 TRANSPORTATION EQUIPMENT - CARS & TRUCKS

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1995 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>

Three - Year Rolling Bands

1995 - 2008	7,682,451.77	1,488,661.67	19.38	9,835.19	0.13	1,478,826.48	19.25
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Trend Analysis (End Year) 2008

***Based Upon Three - Year Rolling Averages**

Annual Inflation Rate	2.75%
Average Service Life (ASL)	7.0
Average Retirement Age (Yrs)	4.1
Years To ASL	2.9
Inflation Factor At 2.75% to ASL	1.08

**Gross Salvage
Linear Trend Analysis**

1989-2008	20 - Year Trend	19.33%
1994-2008	15 - Year Trend	19.33%
1999-2008	10 - Year Trend	20.17%
2004-2008	5 - Year Trend	22.22%

Forecasted

Gross Salvage	22.22%
(Five Year Trend)	
Cost Of Removal	0.14%
Net Salvage	22.08%

Montana-Dakota Utilities Company
Gas Division

396.10 WORK EQUIPMENT TRAILERS

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1996 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>		<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>								
1996	0.00		101.99	0.00%	0.00	0.00%	101.99	0.00%
1997	15,108.23		8,030.00	53.15%	0.00	0.00%	8,030.00	53.15%
1998	0.00		0.00	0.00%	0.00	0.00%	0.00	0.00%
1999	16,315.67		7,500.00	45.97%	0.00	0.00%	7,500.00	45.97%
2000	1,334.52		450.00	33.72%	0.00	0.00%	450.00	33.72%
2001	6,275.36		2,059.88	32.82%	149.20	2.38%	1,910.68	30.45%
2002	1,066.23		653.00	61.24%	0.00	0.00%	653.00	61.24%
2003	5,322.87		1,112.00	20.89%	0.00	0.00%	1,112.00	20.89%
2004	5,537.87		150.00	2.71%	0.00	0.00%	150.00	2.71%
2005	0.00		0.00	0.00%	0.00	0.00%	0.00	0.00%
2006	0.00		0.00	0.00%	0.00	0.00%	0.00	0.00%
2007	2,816.61		1,189.00	42.21%	0.00	0.00%	1,189.00	42.21%
2008	9,946.84		1,207.21	12.14%	0.00	0.00%	1,207.21	12.14%

**Montana-Dakota Utilities Company
Gas Division**

396.10 WORK EQUIPMENT TRAILERS

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1996 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	15,108.23	8,131.99	53.82%	0.00	0.00%	8,131.99	53.82%
1997 - 1999	31,423.90	15,530.00	49.42%	0.00	0.00%	15,530.00	49.42%
1998 - 2000	17,650.19	7,950.00	45.04%	0.00	0.00%	7,950.00	45.04%
1999 - 2001	23,925.55	10,009.88	41.84%	149.20	0.62%	9,860.68	41.21%
2000 - 2002	8,676.11	3,162.88	36.46%	149.20	1.72%	3,013.68	34.74%
2001 - 2003	12,664.46	3,824.88	30.20%	149.20	1.18%	3,675.68	29.02%
2002 - 2004	11,926.97	1,915.00	16.06%	0.00	0.00%	1,915.00	16.06%
2003 - 2005	10,860.74	1,262.00	11.62%	0.00	0.00%	1,262.00	11.62%
2004 - 2006	5,537.87	150.00	2.71%	0.00	0.00%	150.00	2.71%
2005 - 2007	2,816.61	1,189.00	42.21%	0.00	0.00%	1,189.00	42.21%
2006 - 2008	12,763.45	2,396.21	18.77%	0.00	0.00%	2,396.21	18.77%

Montana-Dakota Utilities Company

Gas Division

396.10 WORK EQUIPMENT TRAILERS

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1996 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>

Three - Year Rolling Bands

1996 - 2008	63,724.20	22,453.08	35.23	149.20	0.23	22,303.88	35.00
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Trend Analysis (End Year) **2008**

*Based Upon Three - Year Rolling Averages

Annual Inflation Rate	2.75%
Average Service Life (ASL)	10.0
Average Retirement Age (Yrs)	7.4
Years To ASL	2.6
Inflation Factor At 2.75% to ASL	1.07

**Gross Salvage
Linear Trend Analysis**

1989-2008	20 - Year Trend	31.73%
1994-2008	15 - Year Trend	31.73%
1999-2008	10 - Year Trend	10.10%
2004-2008	5 - Year Trend	29.08%

Forecasted

Gross Salvage	29.08%
(Five Year Trend)	
Cost Of Removal	0.25%
Net Salvage	28.84%

Montana-Dakota Utilities Company

Gas Division

396.20 POWER OPERATED EQUIPMENT

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
	<u>Retirements</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1968	7,624.55	0.00	0.00%	0.00	0.00%	0.00	0.00%
1969	18,036.43	4,660.75	25.84%	0.00	0.00%	4,660.75	25.84%
1970	85,745.78	20,081.65	23.42%	2.56	0.00%	20,079.09	23.42%
1971	32,522.96	16,959.50	52.15%	0.00	0.00%	16,959.50	52.15%
1972	68,343.72	34,167.38	49.99%	0.00	0.00%	34,167.38	49.99%
1973	19,453.17	1,321.00	6.79%	0.00	0.00%	1,321.00	6.79%
1974	70,200.13	36,952.50	52.64%	0.00	0.00%	36,952.50	52.64%
1975	48,205.77	23,256.00	48.24%	0.00	0.00%	23,256.00	48.24%
1976	36,542.30	16,760.00	45.86%	21.00	0.06%	16,739.00	45.81%
1977	0.00	0.00	0.00%	0.00	0.00%	0.00	0.00%
1978	21,151.37	11,502.00	54.38%	0.00	0.00%	11,502.00	54.38%
1979	57,535.68	20,150.00	35.02%	0.00	0.00%	20,150.00	35.02%
1980	33,055.15	16,318.30	49.37%	0.00	0.00%	16,318.30	49.37%
1981	187,078.07	133,470.40	71.34%	0.00	0.00%	133,470.40	71.34%
1982	82,780.89	38,429.13	46.42%	0.00	0.00%	38,429.13	46.42%
1983	93,278.27	89,865.50	96.34%	0.00	0.00%	89,865.50	96.34%
1984	65,798.80	36,885.83	56.06%	455.00	0.69%	36,430.83	55.37%
1985	-2,004.36	0.00	0.00%	0.00	0.00%	0.00	0.00%
1986	43,816.13	38,509.33	87.89%	0.00	0.00%	38,509.33	87.89%
1987	60,103.95	21,504.91	35.78%	211.74	0.35%	21,293.17	35.43%
1988	351,349.08	97,992.00	27.89%	698.08	0.20%	97,293.92	27.69%
1989	659,158.69	406,813.00	61.72%	232.86	0.04%	406,580.14	61.68%
1990	465,530.32	426,773.25	91.67%	191.71	0.04%	426,581.54	91.63%
1991	506,039.47	434,830.37	85.93%	27.47	0.01%	434,802.90	85.92%
1992	347,508.62	243,091.00	69.95%	131.21	0.04%	242,959.79	69.91%
1993	537,705.71	474,364.03	88.22%	0.00	0.00%	474,364.03	88.22%
1994	444,780.98	374,784.00	84.26%	29.22	0.01%	374,754.78	84.26%
1995	757,408.90	775,939.25	102.45%	10.00	0.00%	775,929.25	102.45%

Montana-Dakota Utilities Company

Gas Division

396.20 POWER OPERATED EQUIPMENT

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Annual Activity</u>							
1996	847,905.78	632,158.36	74.56%	426.88	0.05%	631,731.48	74.50%
1997	1,288,447.77	1,287,216.85	99.90%	0.00	0.00%	1,287,216.85	99.90%
1998	635,435.44	520,006.27	81.83%	216.70	0.03%	519,789.57	81.80%
1999	1,644,011.39	1,296,953.70	78.89%	16,944.81	1.03%	1,280,008.89	77.86%
2000	578,648.60	446,315.01	77.13%	0.00	0.00%	446,315.01	77.13%
2001	1,350,062.37	1,118,466.41	82.85%	1,185.02	0.09%	1,117,281.39	82.76%
2002	294,171.49	203,871.50	69.30%	197.57	0.07%	203,673.93	69.24%
2003	1,487,414.47	954,759.67	64.19%	636.75	0.04%	954,122.92	64.15%
2004	1,294,071.91	1,087,417.11	84.03%	0.00	0.00%	1,087,417.11	84.03%
2005	1,589,284.84	1,384,642.73	87.12%	0.00	0.00%	1,384,642.73	87.12%
2006	1,686,987.64	1,363,963.11	80.85%	0.00	0.00%	1,363,963.11	80.85%
2007	1,959,431.97	1,749,870.13	89.30%	0.00	0.00%	1,749,870.13	89.30%
2008	2,038,426.92	1,894,911.85	92.96%	0.00	0.00%	1,894,911.85	92.96%

Montana-Dakota Utilities Company
Gas Division

396.20 POWER OPERATED EQUIPMENT

Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
<u>Three - Year Rolling Bands</u>								
1968 - 1970	111,406.76	24,742.40	22.21%	2.56	0.00%	24,739.84	22.21%	
1969 - 1971	136,305.17	41,701.90	30.59%	2.56	0.00%	41,699.34	30.59%	
1970 - 1972	186,612.46	71,208.53	38.16%	2.56	0.00%	71,205.97	38.16%	
1971 - 1973	120,319.85	52,447.88	43.59%	0.00	0.00%	52,447.88	43.59%	
1972 - 1974	157,997.02	72,440.88	45.85%	0.00	0.00%	72,440.88	45.85%	
1973 - 1975	137,859.07	61,529.50	44.63%	0.00	0.00%	61,529.50	44.63%	
1974 - 1976	154,948.20	76,968.50	49.67%	21.00	0.01%	76,947.50	49.66%	
1975 - 1977	84,748.07	40,016.00	47.22%	21.00	0.02%	39,995.00	47.19%	
1976 - 1978	57,693.67	28,262.00	48.99%	21.00	0.04%	28,241.00	48.95%	
1977 - 1979	78,687.05	31,652.00	40.23%	0.00	0.00%	31,652.00	40.23%	
1978 - 1980	111,742.20	47,970.30	42.93%	0.00	0.00%	47,970.30	42.93%	
1979 - 1981	277,668.90	169,938.70	61.20%	0.00	0.00%	169,938.70	61.20%	
1980 - 1982	302,914.11	188,217.83	62.14%	0.00	0.00%	188,217.83	62.14%	
1981 - 1983	363,137.23	261,765.03	72.08%	0.00	0.00%	261,765.03	72.08%	
1982 - 1984	241,857.96	165,180.46	68.30%	455.00	0.19%	164,725.46	68.11%	
1983 - 1985	157,072.71	126,751.33	80.70%	455.00	0.29%	126,296.33	80.41%	
1984 - 1986	107,610.57	75,395.16	70.06%	455.00	0.42%	74,940.16	69.64%	
1985 - 1987	101,915.72	60,014.24	58.89%	211.74	0.21%	59,802.50	58.68%	
1986 - 1988	455,269.16	158,006.24	34.71%	909.82	0.20%	157,096.42	34.51%	
1987 - 1989	1,070,611.72	526,309.91	49.16%	1,142.68	0.11%	525,167.23	49.05%	
1988 - 1990	1,476,038.09	931,578.25	63.11%	1,122.65	0.08%	930,455.60	63.04%	
1989 - 1991	1,630,728.48	1,268,416.62	77.78%	452.04	0.03%	1,267,964.58	77.75%	
1990 - 1992	1,319,078.41	1,104,694.62	83.75%	350.39	0.03%	1,104,344.23	83.72%	
1991 - 1993	1,391,253.80	1,152,285.40	82.82%	158.68	0.01%	1,152,126.72	82.81%	
1992 - 1994	1,329,995.31	1,092,239.03	82.12%	160.43	0.01%	1,092,078.60	82.11%	
1993 - 1995	1,739,895.59	1,625,087.28	93.40%	39.22	0.00%	1,625,048.06	93.40%	
1994 - 1996	2,050,095.66	1,782,881.61	86.97%	466.10	0.02%	1,782,415.51	86.94%	
1995 - 1997	2,893,762.45	2,695,314.46	93.14%	436.88	0.02%	2,694,877.58	93.13%	

Montana-Dakota Utilities Company

Gas Division

396.20 POWER OPERATED EQUIPMENT

**Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008**

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Three - Year Rolling Bands</u>							
1996 - 1998	2,771,788.99	2,439,381.48	88.01%	643.58	0.02%	2,438,737.90	87.98%
1997 - 1999	3,567,894.60	3,104,176.82	87.00%	17,161.51	0.48%	3,087,015.31	86.52%
1998 - 2000	2,858,095.43	2,263,274.98	79.19%	17,161.51	0.60%	2,246,113.47	78.59%
1999 - 2001	3,572,722.36	2,861,735.12	80.10%	18,129.83	0.51%	2,843,605.29	79.59%
2000 - 2002	2,222,882.46	1,768,652.92	79.57%	1,382.59	0.06%	1,767,270.33	79.50%
2001 - 2003	3,131,648.33	2,277,097.58	72.71%	2,019.34	0.06%	2,275,078.24	72.65%
2002 - 2004	3,075,657.87	2,246,048.28	73.03%	834.32	0.03%	2,245,213.96	73.00%
2003 - 2005	4,370,771.22	3,426,819.51	78.40%	636.75	0.01%	3,426,182.76	78.39%
2004 - 2006	4,570,344.39	3,836,022.95	83.93%	0.00	0.00%	3,836,022.95	83.93%
2005 - 2007	5,235,704.45	4,498,475.97	85.92%	0.00	0.00%	4,498,475.97	85.92%
2006 - 2008	5,684,846.53	5,008,745.09	88.11%	0.00	0.00%	5,008,745.09	88.11%

**Montana-Dakota Utilities Company
Gas Division**

396.20 POWER OPERATED EQUIPMENT

*Forecasted Future Net Salvage
Based Upon Experienced Net Salvage 1968 - 2008*

<u>Year</u>	<u>Original Cost Of Retirements</u>	<u>Gross Salvage</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>

Three - Year Rolling Bands

1968 - 2008	21,793,051.12	17,735,933.78	81.38	21,618.58	0.10	17,714,315.20	81.28
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Trend Analysis (End Year) 2008

***Based Upon Three - Year Rolling Averages**

Annual Inflation Rate	2.75%
Average Service Life (ASL)	4.0
Average Retirement Age (Yrs)	2.3
Years To ASL	1.7
Inflation Factor At 2.75% to ASL	1.05

<u>Gross Salvage</u>		
<u>Linear Trend Analysis</u>		
1989-2008	20 - Year Trend	86.60%
1994-2008	15 - Year Trend	79.15%
1999-2008	10 - Year Trend	83.23%
2004-2008	5 - Year Trend	93.18%

Forecasted

Gross Salvage	93.18%
(Five Year Trend)	
Cost Of Removal	0.10%
Net Salvage	93.08%