

**MONTANA-DAKOTA UTILITIES CO.**  
**SUMMARY OF ACCUMULATED RESERVE FOR DEPRECIATION**  
**GAS UTILITY - EAST RIVER**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**  
**ADJUSTMENT B**

<u>Function</u>	<u>Balance @ 12/31/03</u>	<u>Balance @ 12/31/04</u>	<u>Average Balance @ 12/31/04</u>	<u>Provision for Depreciation</u>	<u>Pro Forma Balance @ 12/31/05</u>	<u>Average Balance</u>	<u>Pro Forma Adjustment</u>
Distribution	\$4,624,220	\$4,912,001	\$4,768,111	\$314,025	\$5,226,026	\$5,069,014	\$300,903
General	94,951	245,918	170,434	110,064	355,982	300,950	130,516
General Intangible	11,507	11,229	11,368	199	11,428	11,328	(40)
Common	243,987	281,206	262,597	66,303	347,509	314,358	51,761
Common Intangible	199,938	232,269	216,103	35,841	268,110	250,190	34,087
CWIP in Service				1/	1/	1/	1/
<b>Total</b>	<u><u>\$5,174,603</u></u>	<u><u>\$5,682,623</u></u>	<u><u>\$5,428,613</u></u>	<u><u>\$526,432</u></u>	<u><u>\$6,209,055</u></u>	<u><u>\$5,945,840</u></u>	<u><u>\$517,227</u></u>

1/ Included in the above functions.

**MONTANA-DAKOTA UTILITIES CO.  
MONTHLY ACCUMULATED PROVISIONS FOR DEPRECIATION BY FUNCTION  
GAS UTILITY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Function	December 2003	January 2004	February	March	April	May	June	July	August	September	October	November	December
Distribution	\$110,971,485	\$111,288,043	\$111,700,967	\$112,090,164	\$112,479,391	\$112,864,043	\$113,208,808	\$113,589,893	\$113,974,206	\$114,262,519	\$114,668,150	\$114,968,510	\$115,084,918
General	6,739,680	6,909,759	7,673,247	7,645,348	7,833,509	7,595,512	7,638,634	7,790,668	7,997,179	8,156,247	8,153,098	8,105,642	8,326,475
Total	<u>\$117,711,165</u>	<u>\$118,197,802</u>	<u>\$119,374,214</u>	<u>\$119,735,512</u>	<u>\$120,312,900</u>	<u>\$120,459,555</u>	<u>\$120,847,442</u>	<u>\$121,380,561</u>	<u>\$121,971,385</u>	<u>\$122,418,766</u>	<u>\$122,821,248</u>	<u>\$123,074,152</u>	<u>\$123,411,393</u>

**MONTANA-DAKOTA UTILITIES CO.  
BOOK CHANGES IN ACCUMULATED PROVISION FOR  
DEPRECIATION AND AMORTIZATION - GAS UTILITY  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Gas Utility</u>	Beginning Balance 12/31/04	Annual Provision	Retirements (Original Cost)	Salvage	Removal Costs	Adjustments	Ending Balance 12/31/04
Account 111.2 - Intangible	\$458,372	\$10,340					\$468,712
Account 108							
Distribution	110,971,485	5,438,506	\$647,075	\$11,695	\$689,694	\$1	115,084,918
General	6,739,680	2,471,330	2,135,485	1,262,904	1,372	(10,582)	8,326,475
Total Account 108	117,711,165	7,909,836	2,782,560	1,274,599	691,066	(10,581)	123,411,393
Account 115 - Acquisition Adjustment	0	32,657					32,657
<b>Total</b>	<u>\$118,169,537</u>	<u>\$7,952,833</u>	<u>\$2,782,560</u>	<u>\$1,274,599</u>	<u>\$691,066</u>	<u>(\$10,581)</u>	<u>\$123,912,762</u>
Common 1/	\$8,611,918						\$9,750,934

1/ Common Plant is assigned by state on an actual site and use basis when applicable, and the remainder is allocated by state to gas and electric on a plant in service basis. Total common changes for the twelve months ended December 31, 2004 are:

<u>Common Utility</u>	Beginning Balance 12/31/04	Annual Provision	Retirements (Original Cost)	Salvage	Removal Costs	Adjustments	Ending Balance 12/31/04
Account 111.4	\$7,785,409	\$1,356,945	\$0	\$0	\$0	\$0	\$9,142,354
Account 108	16,996,592	2,920,718	2,332,019	915,538	15,922	(412,461)	18,072,446
<b>Total Accounts 111.4 and 108</b>	<u>\$24,782,001</u>	<u>\$4,277,663</u>	<u>\$2,332,019</u>	<u>\$915,538</u>	<u>\$15,922</u>	<u>(\$412,461)</u>	<u>\$27,214,800</u>

**MONTANA-DAKOTA UTILITIES CO.  
PROCEDURES FOLLOWED IN DEPRECIATING  
OR AMORTIZING PLANT AND RECORDING ABANDONMENTS**

Effective January 1, 2004, the methodology for certain general plant accounts changed from depreciation to amortization. Under 'General Plant Amortization' methodology, the individual assets within a FERC plant account are amortized over the average service life derived for that account and retired at the time the asset is fully amortized, regardless of the actual physical disposal rate.

**MONTANA-DAKOTA UTILITIES CO.  
ALLOCATION OF OVERALL ACCUMULATED RESERVE ACCOUNTS  
TO FUNCTIONAL GROUPS OF PLANTS**

This schedule is not applicable because the Company provides and records its accumulated reserves for depreciation by functional groups of plant accounts.