

**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</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>
<b><u>Annual Activity</u></b>							
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>	
<b><u>Three - Year Rolling Bands</u></b>								
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**

**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>

**Three - Year Rolling Bands**

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1985 - 2008	1,819.54	14.73	0.81	0.00	0.00	14.73	0.81
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**Trend Analysis (End Year) 2008**

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

		<u>Gross Salvage Linear Trend Analysis</u>		
Annual Inflation Rate	2.75%	1989-2008	20 - Year Trend	9.24%
Average Service Life (ASL)	65.0	1994-2008	15 - Year Trend	10.29%
Average Retirement Age (Yrs)	8.2	1999-2008	10 - Year Trend	9.01%
Years To ASL	56.8	2004-2008	5 - Year Trend	0.00% *
Inflation Factor At 2.75% to ASL	4.66			

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

**Forecasted**

<b>Gross Salvage</b>	0.00% *
( Five Year Trend )	
<b>Cost Of Removal</b>	0.00%
<b>Net Salvage</b>	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>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>Amount</u>	<u>%</u>
<b><u>Three - Year Rolling Bands</u></b>								
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>
<b><u>Three - Year Rolling Bands</u></b>							
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%

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**Gas Division**

**375.00 STRUCTURES & IMPROVEMENTS**

**Forecasted Future Net Salvage**  
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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>

**Three - Year Rolling Bands**

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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**

		<u>Gross Salvage</u> <u>Linear Trend Analysis</u>		
Annual Inflation Rate	2.75%	1989-2008	20 - Year Trend	3.10%
Average Service Life (ASL)	60.0	1994-2008	15 - Year Trend	0.00% *
Average Retirement Age (Yrs)	32.7	1999-2008	10 - Year Trend	0.00% *
Years To ASL	27.3	2004-2008	5 - Year Trend	0.00%
Inflation Factor At 2.75% to ASL	2.10			

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

**Forecasted**

<b>Gross Salvage</b>	0.00%
( Five Year Trend )	
<b>Cost Of Removal</b>	82.21%
<b>Net Salvage</b>	-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)	1835.90%
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>Amount</u>	<u>%</u>
<b><u>Three - Year Rolling Bands</u></b>								
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>Amount</u>	<u>%</u>
<b><u>Three - Year Rolling Bands</u></b>								
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**

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>

Three - Year Rolling Bands

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1968 - 2008	7,453,371.53	190,915.84	2.56	2,544,171.07	34.13	(2,353,255.23)	-31.57
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Trend Analysis (End Year) **2008**

\*Based Upon Three - Year Rolling Averages

Annual Inflation Rate	2.75%
Average Service Life (ASL)	47.0
Average Retirement Age (Yrs)	10.2
Years To ASL	36.8
Inflation Factor At 2.75% to ASL	2.71

Gross Salvage  
Linear Trend Analysis

1989-2008	20 - Year Trend	1.53%
1994-2008	15 - Year Trend	0.00% *
1999-2008	10 - Year Trend	0.00% *
2004-2008	5 - Year Trend	0.23%

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

**Forecasted**

<b>Gross Salvage</b>	0.23%
( Five Year Trend )	
<b>Cost Of Removal</b>	92.64%
<b>Net Salvage</b>	-92.41%

**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>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</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>							
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%

**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>
<b><u>Three - Year Rolling Bands</u></b>							
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**  
**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>
<b><u>Three - Year Rolling Bands</u></b>							
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  
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>

**Three - Year Rolling Bands**

1968 - 2008	562,760.75	76,940.96	13.67	118,276.70	21.02	(41,335.74)	-7.35
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Trend Analysis (End Year)                      2008

\*Based Upon Three - Year Rolling Averages

**Gross Salvage  
Linear Trend Analysis**

Annual Inflation Rate	2.75%	1989-2008	20 - Year Trend	0.00% *
Average Service Life (ASL)	40.0	1994-2008	15 - Year Trend	0.00% *
Average Retirement Age (Yrs)	15.9	1999-2008	10 - Year Trend	0.00% *
Years To ASL	24.1	2004-2008	5 - Year Trend	0.00%
Inflation Factor At 2.75% to ASL	1.92			

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

**Forecasted**

<b>Gross Salvage</b>	0.00%
( Five Year Trend )	
<b>Cost Of Removal</b>	40.37%
<b>Net Salvage</b>	-40.37%

**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>
<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**

**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>	<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

## 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>	
<b><u>Three - Year Rolling Bands</u></b>								
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**  
**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>	
<b><u>Three - Year Rolling Bands</u></b>								
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**

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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**

<b>Gross Salvage</b>	<b>0.00%</b>
<b>( Five Year Trend )</b>	
<b>Cost Of Removal</b>	<b>8.89%</b>
<b>Net Salvage</b>	<b>-8.89%</b>

# *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>Orginal 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>Amount</u>	<u>%</u>
<b><u>Annual Activity</u></b>								
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>
<b><u>Three - Year Rolling Bands</u></b>							
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>
<b><u>Three - Year Rolling Bands</u></b>							
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**

**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>

**Three - Year Rolling Bands**

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1968 - 2008	4,125,549.07	13,778.96	0.33	3,636,951.68	88.16	(3,623,172.72)	-87.82
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**Trend Analysis (End Year) 2008**

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

Annual Inflation Rate	2.75%
Average Service Life (ASL)	40.0
Average Retirement Age (Yrs)	8.0
Years To ASL	32.0
Inflation Factor At 2.75% to ASL	2.38

<u>Gross Salvage Linear Trend Analysis</u>		
1989-2008	20 - Year Trend	0.33%
1994-2008	15 - Year Trend	0.32%
1999-2008	10 - Year Trend	0.33%
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**

<b>Gross Salvage</b>	0.00% *
( Five Year Trend )	
<b>Cost Of Removal</b>	209.83%
<b>Net Salvage</b>	-209.83%

**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>
<b><u>Annual Activity</u></b>							
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>Amount</u>	<u>%</u>
<b><u>Annual Activity</u></b>								
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>
<b><u>Three - Year Rolling Bands</u></b>							
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>Amount</u>	<u>%</u>
<b><u>Three - Year Rolling Bands</u></b>								
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>

**Three - Year Rolling Bands**

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1968 - 2008	6,743,332.52	1,140,281.20	16.91	668,124.10	9.91	472,157.10	7.00
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**Trend Analysis (End Year) 2008**

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

**Gross Salvage  
Linear Trend Analysis**

Annual Inflation Rate	2.75%	1989-2008	20 - Year Trend	10.29%
Average Service Life (ASL)	35.0	1994-2008	15 - Year Trend	14.91%
Average Retirement Age (Yrs)	11.7	1999-2008	10 - Year Trend	15.62%
Years To ASL	23.3	2004-2008	5 - Year Trend	0.00% *
Inflation Factor At 2.75% to ASL	1.88			

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

**Forecasted**

<b>Gross Salvage</b>	0.00% *
( Five Year Trend )	
<b>Cost Of Removal</b>	18.66%
<b>Net Salvage</b>	-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>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>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>
<b><u>Three - Year Rolling Bands</u></b>							
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>
<b><u>Three - Year Rolling Bands</u></b>							
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**

**383.00 HOUSE REGULATORS**

*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>Amount</u> <u>%</u>	<u>Cost of Removal</u> <u>Amount</u> <u>%</u>	<u>Net Salvage</u> <u>Amount</u> <u>%</u>
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Three - Year Rolling Bands

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1968 - 2008	901,773.75	183,978.42	20.40	3,702.72	0.41	180,275.70	19.99
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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)	18.5
Years To ASL	21.5
Inflation Factor At 2.75% to ASL	1.79

Gross Salvage  
Linear Trend Analysis

<b>1989-2008</b>	<b>20 - Year Trend</b>	<b>284.77%</b>
<b>1994-2008</b>	<b>15 - Year Trend</b>	<b>358.17%</b>
<b>1999-2008</b>	<b>10 - Year Trend</b>	<b>480.59%</b>
<b>2004-2008</b>	<b>5 - Year Trend</b>	<b>691.64%</b>

**Forecasted**

<b>Gross Salvage</b>	<b>691.64%</b>
( Five Year Trend )	
<b>Cost Of Removal</b>	<b>0.73%</b>
<b>Net Salvage</b>	<b>690.91%</b>

**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>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**  
**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>
<b><u>Three - Year Rolling Bands</u></b>							
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 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>
<b><u>Three - Year Rolling Bands</u></b>								
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**

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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

**Gross Salvage**  
**Linear Trend Analysis**

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**

<b>Gross Salvage</b>	0.00%
( Five Year Trend )	
<b>Cost Of Removal</b>	13.14%
<b>Net Salvage</b>	-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>
<b><u>Three - Year Rolling Bands</u></b>							
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**

<b>1989-2008</b>	<b>20 - Year Trend</b>	0.00%
<b>1994-2008</b>	<b>15 - Year Trend</b>	0.00%
<b>1999-2008</b>	<b>10 - Year Trend</b>	0.00%
<b>2004-2008</b>	<b>5 - Year Trend</b>	0.00%

**Forecasted**

<b>Gross Salvage</b>	0.00%
( Five Year Trend )	
<b>Cost Of Removal</b>	0.00%
<b>Net Salvage</b>	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>	
<b><u>Three - Year Rolling Bands</u></b>								
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>
<b><u>Three - Year Rolling Bands</u></b>							
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

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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

<b>Gross Salvage</b>	0.00% *
( Five Year Trend )	
<b>Cost Of Removal</b>	2.15%
<b>Net Salvage</b>	-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>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>
<b><u>Three - Year Rolling Bands</u></b>							
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>	
<b><u>Three - Year Rolling Bands</u></b>								
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**

<b>Gross Salvage</b>	0.00%
( Five Year Trend )	
<b>Cost Of Removal</b>	0.32%
<b>Net Salvage</b>	-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>
<u>Annual Activity</u>							
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>
<b><u>Three - Year Rolling Bands</u></b>							
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>
<b><u>Three - Year Rolling Bands</u></b>							
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**

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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**

<b>Gross Salvage</b>	<b>126.17%</b>
<b>( Five Year Trend )</b>	
<b>Cost Of Removal</b>	<b>5.73%</b>
<b>Net Salvage</b>	<b>120.44%</b>

**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</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>							
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>
<b><u>Three - Year Rolling Bands</u></b>							
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**

**392.20 TRANSPORTATION EQUIPMENT - CARS & TRUCKS**

*Forecasted Future Net Salvage  
Based Upon Experienced Net Salvage 1995 - 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>							
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>
<b><u>Three - Year Rolling Bands</u></b>							
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**

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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**

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

**Forecasted**

<b>Gross Salvage</b>	<b>22.22%</b>
<b>( Five Year Trend )</b>	
<b>Cost Of Removal</b>	<b>0.14%</b>
<b>Net Salvage</b>	<b>22.08%</b>

**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</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>
<b><u>Annual Activity</u></b>							
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>
<b><u>Three - Year Rolling Bands</u></b>							
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

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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**

<b>Gross Salvage</b>	<b>29.08%</b>
<b>( Five Year Trend )</b>	
<b>Cost Of Removal</b>	<b>0.25%</b>
<b>Net Salvage</b>	<b>28.84%</b>

**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>								
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>Amount</u>	<u>%</u>
<b><u>Three - Year Rolling Bands</u></b>								
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>Amount</u>	<u>%</u>
<b><u>Three - Year Rolling Bands</u></b>								
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**

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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

**Gross Salvage**  
**Linear Trend Analysis**

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**

<b>Gross Salvage</b>	<b>93.18%</b>
<b>( Five Year Trend )</b>	
<b>Cost Of Removal</b>	<b>0.10%</b>
<b>Net Salvage</b>	<b>93.08%</b>