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**Earl M. Robinson, CDP**

Principal & Director

January 28, 2010

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

Dear Mr. Bienek:

Re: MDU Gas Depreciation Study

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

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

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

Respectfully submitted,

A handwritten signature in black ink that reads 'Earl M. Robinson'. The signature is written in a cursive, flowing style.

EARL M. ROBINSON, CDP