

MONTANA-DAKOTA UTILITIES CO. - COMMON PLANT

Study Analysis & Results

ACCOUNT – 390.00 Structures And Improvements

Historical Experience

Plant Statistics Plant Balance = \$26,865,571
Average Age of Survivors = 14.7 years.
Original Gross Additions = \$34,468,087
Oldest Surviving Vintage = 1952
Retirements - \$7,211,961, or 20.9% of historical additions.
Average Age of Retirements = 16.7 years

Experience Bands 1977 – 2008 (Full Depth) 35-R1

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			Full Depth
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
66%	94%	82%	17%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
68%	70%	102%	105%

Forecasted Net Salvage: 73%

Plant Considerations/Future Expectations

This investment is related to cost of various General related structures and improvements. Ongoing changes occur due to required component upgrades as well as changes in business environment conditions.

Life Analysis Method: Retirement Rate Method (Actuarial)

Current Depreciation Parameters

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

Proposed Depreciation Parameters

ASL/Curve: 35-R1
Future Net Salv: 0%

	<u>New Rate @New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	2.25%	2.93%
Average Remaining Life	25.2 years	N/A

ACCOUNT – 392.10 Transportation Equipment - Trailers

Historical Experience

Plant Statistics Plant Balance = \$113,614
Average Age of Survivors = 20.1 years.
Original Gross Additions = \$423,678
Oldest Surviving Vintage = 19
Retirements - \$206,244, or 48.7% of historical additions.
Average Age of Retirements = 11.0 years

Experience Bands 1977 – 2008 (Full Depth) 24-L1

Historic Net Salvage: (71-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1971-2008</u>
24%	23%	29%	50%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
21%	15%	26%	34%

Forecasted Net Salvage: 34%

Plant Considerations/Future Expectations

This property group contains investments principally related to trailers used by the Company's workforce. The minor investment in this property account is currently fully depreciated, therefore, no further accruals should be recorded until such time that significant additional plant is added and/or the fully accrued status is significantly reduced.*The proposed depreciation is currently set to zero percent.

Life Analysis Method: Retirement Rate Method (Actuarial)

Current Depreciation Parameters

ASL/Curve: 20-L2
Net Salv: 0%

Proposed Depreciation Parameters

ASL/Curve: 24-L1
Future Net Salv: 20%

	<u>New Rate @New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	0.00% *	0.00%
Average Remaining Life	12.6 years	N/A

ACCOUNT – 392.20 Transportation Equipment – Cars & Trucks

Historical Experience

Plant Statistics Plant Balance = \$19,932,792
Average Age of Survivors = 5.3 years.
Original Gross Additions = \$19,932,792
Oldest Surviving Vintage = 1987
Retirements - \$14,211,853, or 71.3% of historical additions.
Average Age of Retirements = 8.9 years

Experience Bands 1977 – 2008 (Full Depth) 8-R2

Historic Net Salvage: (68-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>1968-2008</u>
21%	22%	24%	24%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
29%	24%	24%	23%

Forecasted Net Salvage: 23%

Plant Considerations/Future Expectations

This property group contains investments is related to vehicles which are used in constructing and maintaining distribution and transmission lines. The Company's general replacement policy is 8 years or 95,000 miles.

Life Analysis Method: Retirement Rate Method (Actuarial)

Current Depreciation Parameters

ASL/Curve: 7-R3

Net Salv: 20%

Proposed Depreciation Parameters

ASL/Curve: 8-R2

Future Net Salv: 20%

	<u>New Rate @New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	4.70%	13.33%
Average Remaining Life	4.5 years	N/A

ACCOUNT – 396.20 Power Operated Equipment

Historical Experience

Plant Statistics Plant Balance = \$53,432
Average Age of Survivors = 6.7 years.
Original Gross Additions = \$215.171
Oldest Surviving Vintage = 1992
Retirements - \$20,275, or 9.4% of historical additions.
Average Age of Retirements = 4.5 years

Experience Bands Estimated 10-R2

Historic Net Salvage: (01-08)

Three Year Average Net Salvage Percent			<u>Full Depth</u>
<u>2004-06</u>	<u>2005-07</u>	<u>2006-08</u>	<u>2001-2008</u>
56%	0%	0%	54%

Gross Salvage Trend Analysis			
<u>20 Year</u>	<u>15 Year</u>	<u>10 Year</u>	<u>5 Year</u>
36%	36%	36%	0%

Forecasted Net Salvage: 0%

Plant Considerations/Future Expectations

The investment in this account is related to power operated equipment used by the Company's workforce.

Life Analysis Method: Retirement Rate Method (Actuarial)

Current Depreciation Parameters

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

Proposed Depreciation Parameters

ASL/Curve: 10-R2
Future Net Salv: 50%

	<u>New Rate @New Parameters</u>	<u>Old Rate @ Old Parameters</u>
Rate	7.58%	2.69%
Average Remaining Life	4.7 years	N/A