

Montana-Dakota Utilities Co.

Selected Natural Gas Distribution Companies

Dividend Yields

May 2012 - October 2012

Company	Ticker	Average Dividend Yield
AGL Resources Inc.	GAS	4.64%
Atmos Energy Corp.	ATO	3.93%
Laclede Group, Inc.	LG	4.07%
New Jersey Resources Corp.	NJR	3.47%
Northwest Natural Gas Co.	NWN	3.74%
Piedmont Natural Gas Co., Inc	PNY	3.81%
South Jersey Industries, Inc.	SJI	3.16%
Southwest Gas Corp.	SWX	2.72%
Average		3.69%
Median		3.78%

			Price			Annualized Dividend	Dividend Yield
			Low	High	Average		
South Jersey Industries, Inc.	SJI	May-12	\$ 46.52	\$ 49.84	\$ 48.18	\$ 1.61	3.34%
		Jun-12	47.46	51.90	49.68	1.61	3.24%
		Jul-12	50.93	53.53	52.23	1.61	3.08%
		Aug-12	50.50	53.98	52.24	1.61	3.08%
		Sep-12	50.51	53.81	52.16	1.61	3.09%
		Oct-12	50.24	53.47	51.86	1.61	<u>3.10%</u>
						3.16%	
Southwest Gas Corp.	SWX	May-12	\$ 41.03	\$ 43.42	\$ 42.23	\$ 1.18	2.79%
		Jun-12	39.46	44.64	42.05	1.18	2.81%
		Jul-12	43.34	46.08	44.71	1.18	2.64%
		Aug-12	42.19	45.62	43.91	1.18	2.69%
		Sep-12	42.45	45.08	43.77	1.18	2.70%
		Oct-12	43.08	44.83	43.96	1.18	<u>2.68%</u>
						2.72%	

Source: Bloomberg Professional

Montana-Dakota Utilities Co.

**Selected Natural Gas Distribution Companies
 Projected Earnings Retention Growth Rates**

		<u>Value Line Forecast 2015-2017</u>			Retention	Retention
		EPS	DPS	ROE	Rate	Growth
AGL Resources Inc.	GAS	\$4.20	\$2.00	12.50%	52.38%	6.55%
Atmos Energy Corp.	ATO	\$2.70	\$1.48	8.00%	45.19%	3.61%
Laclede Group, Inc.	LG	\$3.10	\$1.81	11.50%	41.61%	4.79%
New Jersey Resources Corp.	NJR	\$3.45	\$1.68	14.00%	51.30%	7.18%
Northwest Natural Gas Co.	NWN	\$3.45	\$1.94	12.00%	43.77%	5.25%
Piedmont Natural Gas Co., Inc.	PNY	\$1.85	\$1.35	13.00%	27.03%	3.51%
South Jersey Industries, Inc.	SJI	\$4.50	\$2.25	15.00%	50.00%	7.50%
Southwest Gas Corp.	SWX	\$3.75	\$1.60	10.50%	57.33%	6.02%
Average						5.55%
Median						5.64%

Source: Value Line, September 7, 2012

Montana-Dakota Utilities Co.

Selected Natural Gas Distribution Companies Blended Growth Rate Estimates

		1/2 Zacks 5-Yr Earnings Growth Est.	1/2 Retention Growth	Weighted Average
AGL Resources Inc.	GAS	4.82%	6.55%	5.68%
Atmos Energy Corp.	ATO	5.83%	3.61%	4.72%
Laclede Group, Inc.	LG	3.00%	4.79%	3.89%
New Jersey Resources Corp.	NJR	3.35%	7.18%	5.27%
Northwest Natural Gas Co.	NWN	4.17%	5.25%	4.71%
Piedmont Natural Gas Co., Inc.	PNY	5.23%	3.51%	4.37%
South Jersey Industries, Inc.	SJI	6.00%	7.50%	6.75%
Southwest Gas Corp.	SWX	4.53%	6.02%	5.28%
Average		4.62%	5.55%	5.08%
Median		4.68%	5.64%	4.99%

Source: Zacks.com and page 4.

Montana-Dakota Utilities Co.

**Selected Natural Gas Distribution Companies
Retention Growth DCF Calculation**

					Secondary Market:	Primary Market:		
			Dividend Yield	Dividend Yield x (1 + 0.625g)	Expected Growth Rate (g)	Investor Required Return	Flotation Cost Adjustment	Cost of Capital
AGL Resources Inc.	GAS	4.64%	4.83%	6.55%	11.38%	1.0400	11.83%	
Atmos Energy Corp.	ATO	3.93%	4.02%	3.61%	7.63%	1.0400	7.94%	
Laclede Group, Inc.	LG	4.07%	4.19%	4.79%	8.98%	1.0400	9.34%	
New Jersey Resources Corp.	NJR	3.47%	3.62%	7.18%	10.81%	1.0400	11.24%	
Northwest Natural Gas Co.	NWN	3.74%	3.87%	5.25%	9.12%	1.0400	9.48%	
Piedmont Natural Gas Co., Inc.	PNY	3.81%	3.89%	3.51%	7.41%	1.0400	7.70%	
South Jersey Industries, Inc.	SJI	3.16%	3.30%	7.50%	10.80%	1.0400	11.24%	
Southwest Gas Corp.	SWX	2.72%	2.82%	6.02%	8.84%	1.0400	9.19%	
High					11.38%		11.83%	
3 rd Quartile					10.81%		11.24%	
2nd Quartile (Median)					9.05%		9.41%	
1 st Quartile					8.54%		8.88%	
Low					7.41%		7.70%	

Montana-Dakota Utilities Co.

**Selected Natural Gas Distribution Companies
 Basic DCF Calculation**

					Secondary Market:		Primary Market:	
			Dividend Yield	Dividend Yield x (1 + 0.625g)	Expected Growth Rate	Investor Required Return	Flotation Cost Adjustment	Cost of Capital
AGL Resources Inc.	GAS	4.64%	4.78%	4.82%	9.60%	1.0400	9.98%	
Atmos Energy Corp.	ATO	3.93%	4.07%	5.83%	9.90%	1.0400	10.30%	
Laclede Group, Inc.	LG	4.07%	4.15%	3.00%	7.15%	1.0400	7.43%	
New Jersey Resources Corp.	NJR	3.47%	3.54%	3.35%	6.89%	1.0400	7.17%	
Northwest Natural Gas Co.	NWN	3.74%	3.84%	4.17%	8.01%	1.0400	8.33%	
Piedmont Natural Gas Co., Inc.	PNY	3.81%	3.93%	5.23%	9.16%	1.0400	9.53%	
South Jersey Industries, Inc.	SJI	3.16%	3.27%	6.00%	9.27%	1.0400	9.65%	
Southwest Gas Corp.	SWX	2.72%	2.80%	4.53%	7.33%	1.0400	7.62%	
High					9.90%		10.30%	
3 rd Quartile					9.36%		9.73%	
2 nd Quartile (Median)					8.59%		8.93%	
1 st Quartile					7.28%		7.57%	
Low					6.89%		7.17%	

Montana-Dakota Utilities Co.

Selected Natural Gas Distribution Companies Blended Growth Rate DCF Calculation

		Dividend Yield	Dividend Yield x (1 + 0.625g)	Expected Growth Rate (g)	Secondary Market: Investor Required Return	Flotation Cost Adjustment	Primary Market: Cost of Capital
AGL Resources Inc.	GAS	4.64%	4.81%	5.68%	10.49%	1.0400	10.91%
Atmos Energy Corp.	ATO	3.93%	4.04%	4.72%	8.77%	1.0400	9.12%
Laclede Group, Inc.	LG	4.07%	4.17%	3.89%	8.06%	1.0400	8.38%
New Jersey Resources Corp.	NJR	3.47%	3.58%	5.27%	8.85%	1.0400	9.20%
Northwest Natural Gas Co.	NWN	3.74%	3.85%	4.71%	8.56%	1.0400	8.91%
Piedmont Natural Gas Co., Inc.	PNY	3.81%	3.91%	4.37%	8.28%	1.0400	8.62%
South Jersey Industries, Inc.	SJI	3.16%	3.29%	6.75%	10.04%	1.0400	10.44%
Southwest Gas Corp.	SWX	2.72%	2.81%	5.28%	8.08%	1.0400	8.41%
High					10.49%		10.91%
3 rd Quartile					9.15%		9.51%
2 nd Quartile (Median)					8.67%		9.01%
1 st Quartile					8.23%		8.56%
Low					8.06%		8.38%