MONTANA-DAKOTA
UTILITIES CO.
A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

July 26, 2013

Mr. Robert Nelson
Montana Consumer Counsel
111 North Last Chance Gulch, Suite 1B
PO Box 201703
Helena, MT 59620-1703

Re: General Gas Rate Application
Docket No. D2012.9.100

Dear Mr. Nelson:

Montana-Dakota Utilities Co. electronically submits its responses to the Montana Consumer Counsel's data requests dated July 12, 2013. Responses to the following requests are attached.

MCC-230	MCC-240	MCC-250	MCC-260	MCC-270
MCC-231	MCC-241	MCC-251	MCC-261	MCC-271
MCC-232	MCC-242	MCC-252	MCC-262	MCC-272
MCC-233	MCC-243	MCC-253	MCC-263	MCC-273
MCC-234	MCC-244	MCC-254	MCC-264	MCC-274
MCC-235	MCC-245	MCC-255	MCC-265	MCC-275
MCC-236	MCC-246	MCC-256	MCC-266	MCC-276
MCC-237	MCC-247	MCC-257	MCC-267	MCC-277
MCC-238	MCC-248	MCC-258	MCC-268	MCC-278
MCC-239	MCC-249	MCC-259	MCC-269	MCC-279
				MCC-280
				MCC-281

Sincerely,

Rita A. Mulkern
Director of Regulatory Affairs

Attachments
cc: Service List

Montana-Dakota Utilities Co.
Docket No. D2012.9.100
Service List

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MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-230 Regarding: Generalized Statements
Witness: Robinson

Regarding statements on pages 8 and 9 of Mr. Robinson's rebuttal relating to purported generalizations he presents in support of his depreciation study, please admit that in Docket No. 090079, a recent Progress Energy Florida ("PEF") case before the Florida Public Service Commission, Mr. Pous raised similar concerns regarding lack of support and reliance on generalized statements made by Mr. Robinson, and that the Florida Commission concluded "that PEF failed to carry its burden of proof" and agreed with "OPC witness Pous that PEF has provided only generalized statements with little support or documentation" (as noted on page 22 of that Final Order). To the extent Mr. Robinson does not fully admit to such statements, provide all support and justification for any contrary position.

Response:

The referenced order of the Florida Commission is a public record, and speaks for itself.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-231 Regarding: Account 376
Witness: Robinson

While Mr. Robinson states at the bottom of page 16 and the top of page 17 of his rebuttal testimony that the primary basis of selecting the life for Account 376 was the use of the SPR method "as well as consideration of the current underlying average service life and results of other studies that have been performed" (emphasis added), please admit that in Docket No. 090079, a Progress Energy Florida proceeding before the Florida Public Service Commission, he specifically stated and the Commission noted that he "characterized his approach to a depreciation study as a 'fresh start;' that is, he does not view the results of the prior study until after the current study is completed. Witness Robinson asserted that unless there is some compelling reason to maintain the existing depreciation parameters (which is not typically the circumstance) the newly estimated parameters become the basis for the proposed depreciation rates" (emphasis added) (Page 29 of the Final Order in Docket No. 090079). To the extent Mr. Robinson does not fully admit that the statements from the final order before the Florida Public Service Commission are accurate, provide all bases, support, and justification for any contrary position.

Response:

The referenced order of the Florida Commission is a public record, and speaks for itself.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-232 Regarding: Account 376
Witness: Robinson

Regarding the statement at the bottom of page 16 of Mr. Robinson's rebuttal testimony that the primary basis for his average service life selection for Account 376 was the use of the Simulated Plant Records method, please admit that Mr. Robinson did not retain the actual Simulated Plant Record analyses and corresponding results initially performed by Mr. Robinson in the development of his depreciation study. The admission relates specifically to the results of SPR analysis, not to the input data or database referenced by Mr. Robinson. To the extent Mr. Robinson does not fully admit to the above noted statement, then provide all bases, support, and documentation for any contrary position.

Response:

Please see Mr. Robinson's Rebuttal testimony at pages 8-12.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-233 Regarding: Net Salvage Value
Witness: Robinson

Regarding the statement on page 14 of Mr. Robinson's rebuttal testimony that it should have been very obvious to Mr. Pous that the forecast analysis result was not the basis for the estimated future net salvage within the depreciation rates, please identify specifically where in his depreciation study, workpapers, or data responses Mr. Robinson identified how he specifically arrived at each net salvage value for each account. Further, explain, justify, and support how the specifically identified information made it "very obvious" as to how Mr. Robinson arrived at his proposed net salvage value for each account.

Response:

Page 14 of the rebuttal testimony states:

First, is (it) should have be very obvious to Mr. Pous that the forecast analysis result was not the basis of the estimated future net salvage within the depreciation rates given the fact that in various cases the forecast net salvage is substantially higher than the net salvage proposal level.

That is, the net salvage estimates were not based solely on the forecast net salvage given that the net salvage estimates were neither based upon the arithmetic result of the historical net salvage summaries nor the forecast net salvage calculation summary. Furthermore, the data response (Mcc-143) referenced on pages 14-15 of Mr. Robinson's Rebuttal explained the premise of the net salvage estimate.

The response to MCC-143 stated:

> "The net salvage forecast analysis is an additional tool used to provide information about the level of net salvage anticipated to occur relative to property over its life. The historical component of net salvage is what has transpired for only the smaller portion of the Company's property that has been retired to date. Such retirements have routinely occurred at ages far younger than the average service of the various property groups. Accordingly, the experienced historical net salvage likely significantly understates the overall net salvage that will be experienced as the property groups continue to age"
>
> "**The net salvage estimate gives consideration to the overall average, recent experience, and forecast analysis.** The estimation

Response No. MCC-233 (cont.)

> process is one of gradualism towards more future looking calculations which is more representative of the future net salvage that can be anticipated at end of life of the property group."

A similar response was provided in response to the PSC data request PSC-099, of which Mr. Pous would also have received a copy:

> "While historical gross salvage and cost of removal are components used in estimating future net salvage, the resulting overall historical average is often not the primary driver for the estimate."
>
> "The net salvage forecast analysis is an additional tool used to provide information about the level of net salvage anticipated to occur relative to property over its life. The historical component of net salvage is what has transpired for only the smaller portion of the Company's property that has been retired to date. Such retirements have routinely occurred at ages far younger than the average service of the various property groups. Accordingly, the experienced historical net salvage likely significantly understates the overall net salvage that will be experienced as the property groups continue to age."
>
> "**The estimated future net salvage percent for each property group gives consideration to the overall average, recent experience,** and forecast analysis. The estimation process is one of gradualism towards more future looking calculations which is more representative of the future net salvage that can be anticipated at end of life of the property group."

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-234 Regarding: Depreciation Reserve
Witness: Robinson

Regarding the statement on page 6 of Mr. Robinson's rebuttal testimony that the depreciation reserve has declined between the study period and December 31, 2012 "after the implementation of the proposed depreciation rates," please provide the following:

a. **The actual calculation, including the source of all values;**
b. **What the actual reserve relationship is as of December 31, 2012, given that the proposed depreciation rates have not been implemented;**
c. **All bases, along with corresponding support and documentation, that demonstrates that a 52.6% depreciation reserve is still not excessive;**
d. **All standards or indices that identify what appropriate levels of depreciation reserve should be, along with all supporting documentation; and**
e. **The annual theoretical reserve as of December 31, 2008 through 2012 based on Mr. Robinson's proposed deprecation parameters by account.**

Response:

a. Please see Attachment A. The 2008 source of the 2008 values is the depreciation study tables while the source of the 2012 values are the Company's plant in service and depreciation reserve statements.
b. Please see Attachment A.
c. Mr. Robinson's entire rebuttal testimony on the subject is:

Yes, the results of the MDU-Gas's 12-31-08 depreciation study is a modest increase of $572,793 (relative to the Company's 12-31-08 depreciable plant in service) of annual depreciation expense or approximately 5.5 % notwithstanding the fact that the study incorporated an underlying longer life average service life and lower negative net salvage percent for the Company's largest plant investment, Mains, which comprise nearly 50 % of the Company's overall plant investment. The application of the proposed account level depreciation rates to the December 31, 2008 Gas depreciable plant in service is an annual depreciation expense amount of $10,224,058 or a composite depreciation rate of 4.06%.

Further attesting to the reasonableness of the level of proposed depreciation rates is the fact that in the intervening 4 years since the effective date of the depreciation study, the Company book depreciation reserve has declined from 58.4% of depreciable original cost as of 12-31-2008 to 52.6% of depreciable original cost as of 12-31-2012 after the implementation of the

Response No. PSC-234 (cont.)

proposed depreciation rates.. This fact clearly shows that the company's proposed depreciation rates are not excessive, and if anything, lower than necessary to maintain the existing depreciation reserve level."

The discussion regarding the change in depreciation reserve is an additional consideration demonstrating that even with the ongoing depreciation rates the reserve has been declining over time. The 12-31-08 theoretical depreciation reserve is very close to the book depreciation reserve notwithstanding the fact that the average service lives have been lengthened somewhat and the negative net salvage has been decreased for a large portion of the company's plant investment. Lengthening average service lives and lowering negative net salvage instantaneously reduces the theoretical depreciation reserve as of 12-31-08 inasmuch as the calculation as of 12-31-08 is based upon the inherent assumption that the proposed depreciation parameters have been used throughout the entire life of the property.

d. While there is no standard with regard to the specific percentage level of book depreciation reserve, the general movement in one direction or another over time gives some perspective as to whether a depreciation rate is overly excessive or deficient. The level of book depreciation reserve is the product of the transactions that are recorded to the reserve as well as the general average age and anticipated average service life of the property group.

   Mr. Robinson's analysis and related testimony was not limited to a simple comparison of book depreciation reserves. Mr. Robinson proposed depreciation rates were the product of comprehensive analysis of the Company's property and related experience and expectations.

e. The 12-31-08 theoretical depreciation reserve provided as Attachment B. Subsequent year's theoretical depreciation reserves are not available.

Table 1a

Montana-Dakota Utilities Company
Gas Division

Summary of Book Depreciation Reserve by Recovery Component as of December 31, 2008

Account No. (a)	Description (b)	Original Cost 12/31/08 (c)	Total Book Depr Reserve 12/31/08 (g)	Cost of Removal In Book Res. (h)	Gross Salvage In Book Res. (i)	Plant Only Depr Reserve 12/31/08 (j)
	DEPRECIABLE PLANT					
	Distribution Plant					
374.20	Rights of Way	322,677.60	67,017.62	0.00	0.00	67,017.62
375.00	Distr. Meas & Reg Station Structures	609,311.11	356,503.11	88,819.63	(35,226.21)	302,909.69
	Mains					
376.10	Mains-Steel	41,975,049.45	36,466,142.85	11,014,795.39	643.84	25,450,703.62
376.20	Mains-Plastic	63,935,958.79	30,608,794.32	9,245,551.63	540.42	21,362,702.26
376.30	Mains-Valves	447,328.09	257,220.39	77,694.81	4.54	179,521.04
376.40	Mains-Manholes	69,919.29	55,146.20	16,657.21	0.97	38,488.02
376.50	Mains-Bridge & River Crossings	19,818.03	6,022.66	1,819.18	0.11	4,203.37
	Total Mains	106,448,073.65	67,393,326.41	20,356,518.22	1,189.88	47,035,618.31
378.00	Meas & Reg Station Equip-General	2,140,308.63	934,403.43	99,663.22	0.00	834,740.21
379.00	Meas & Reg Station Equip-City Gate	1,028,821.89	566,306.49	0.00	0.00	566,306.49
	Services					
380.10	Services-Steel	7,285,187.87	12,429,968.14	7,570,293.69	249.91	4,859,424.53
380.20	Services-Plastic	42,690,273.23	30,149,319.03	18,362,010.04	606.17	11,786,702.82
380.30	Farm & Fuel Lines	248,640.18	256,290.49	156,090.04	5.15	100,195.29
	Total Services	50,224,101.28	42,835,577.66	26,088,393.78	861.24	16,746,322.64
381.00	Meters	55,172,050.24	16,541,851.01	0.00	0.00	16,541,851.01
383.00	Service Regulators	5,555,207.98	2,508,676.39	0.00	0.00	2,508,676.39
385.00	Industrial Meas. & Reg. Station Equipment	875,376.89	332,350.79	23,704.62	(71,113.80)	379,759.97
	MISCELLANEOUS EQUIPMENT					
386.10	Misc Property on Customers Premise	1,679.84	1,474.70	0.00	0.00	1,474.70
386.20	CNG Refueling station	261,880.34	259,586.77	0.00	0.00	259,586.77
386.30	CNG Lease/Demo	0.00	26,496.25	0.00	0.00	26,496.25
	TOTAL Account 386	263,560.18	287,557.72	0.00	0.00	287,557.72
	OTHER EQUIPMENT					
387.10	Cathodic Protection Equipment	1,737,817.71	1,180,475.15	0.00	0.00	1,180,475.15
387.20	Other Distribution Equipment	588,025.51	507,918.50	0.00	0.00	507,918.50
	TOTAL Account 387	2,325,843.22	1,688,393.65	0.00	0.00	1,688,393.65
	TOTAL Distribution Plant	224,965,332.67	133,511,964.28	46,657,099.47	(104,288.89)	86,959,153.70
	General Plant					
390.00	General Structures	5,835,295.28	1,988,707.89	53,975.67	47,546.19	1,887,186.03
	OFFICE FURNITURE & EQUIPMENT					
391.10	Office Furniture & Equipment	415,861.93	179,231.41	0.00	0.00	179,231.41
391.30	Computer Equipment - PC	828,118.21	823,565.05	0.00	0.00	823,565.05
391.50	Other Computer Equipment	53,696.84	8,767.81	0.00	0.00	8,767.81
	TOTAL Account 391	1,297,676.98	1,011,564.27	0.00	0.00	1,011,564.27

Table 1a

Montana-Dakota Utilities Company
Gas Division

Summary of Book Depreciation Reserve by Recovery Component as of December 31, 2008

Account No. (a)	Description (b)	Original Cost 12/31/08 (c)	Total Book Depr Reserve 12/31/08 (g)	Cost of Removal In Book Res. (h)	Gross Salvage In Book Res. (i)	Plant Only Depr Reserve 12/31/08 (j)
	TRANSPORTATION EQUIPMENT					
392.10	Transportation Equipment (Trailers)	397,059.69	122,493.27	0.00	0.00	122,493.27
392.20	Transportation Equipment (Cars & Trucks)	8,775,094.21	7,366,984.18	0.00	0.00	7,366,984.18
	TOTAL Account 392	9,172,153.90	7,489,477.45	0.00	0.00	7,489,477.45
393.00	Stores Equipment	148,282.28	88,443.55	0.00	0.00	88,443.55
	TOOLS, SHOP & GARAGE EQ.					
394.10	Tools, Shop & Garage Equip. (Non-Unitized	2,515,638.89	1,124,846.96	0.00	0.00	1,124,846.96
394.30	Vehicle Maintenance Equipment	37,100.02	23,917.83	0.00	0.00	23,917.83
394.40	Vehicle Refueling Equipment	26,852.90	16,795.80	0.00	0.00	16,795.80
	TOTAL Account 394	2,579,591.81	1,165,560.59	0.00	0.00	1,165,560.59
395.00	Laboratory Equipment	172,283.97	24,442.45	0.00	0.00	24,442.45
	POWER OPERATED EQUIPMENT					
396.10	Work Equipment (Trailers)	530,575.86	271,074.35	0.00	0.00	271,074.35
396.20	Power Operated Equipment	6,142,234.08	1,077,130.72	0.00	0.00	1,077,130.72
	TOTAL Account 396	6,672,809.94	1,348,205.07	0.00	0.00	1,348,205.07
	COMMUNICATION EQUIPMENT					
397.10	Radio Communication Equip. (Fixed)	226,847.00	117,179.40	0.00	0.00	117,179.40
397.20	Radio Communication Equip. (Mobile)	468,875.34	274,608.16	0.00	0.00	274,608.16
397.30	General Telephone Communication Equip.	56,947.69	24,756.98	0.00	0.00	24,756.98
397.80	Network Equipment	172,146.81	52,766.76	0.00	0.00	52,766.76
						0.00
	TOTAL Account 397	924,816.84	469,311.30	0.00	0.00	469,311.30
398.00	Miscellaneous Equipment	56,850.20	(5,285.64)	0.00	0.00	(5,285.64)
	Sub-Total (General Plant) Amortization	**5,179,502.08**	**2,754,036.52**	**0.00**	**0.00**	**2,754,036.52**
	TOTAL General Plant	26,859,761.20	13,580,426.93	53,975.67	47,546.19	13,478,905.07
	TOTAL Depreciable Plant	251,825,093.87	147,092,391.21	46,711,075.14	(56,742.70)	100,438,058.77
	NON-DEPRECIABLE PLANT		**58.4% Depr Reserve %**			
374.1	Land (Distribution)	138,261.79	0.00			
389	Land & Land Rights (General)	1,328,891.91	0.00			
	Total Land	1,467,153.70	0.00			
	INTANGIBLE PLANT					
303	Miscellaneous Intangible Plant	3,949,065.10	503,426.57			
	Total Intangible Plant	3,949,065.10	503,426.57			
	TOTAL Non-Depreciable Plant	5,416,218.80	503,426.57			
	TOTAL Plant in Service	257,241,312.67	147,595,817.78			

MONTANA-DAKOTA UTILITIES CO.
ACCOUNT #1012
SCHEDULE OF UTILITY PLANT TRANSACTIONS BY SUB-PLANT ACCOUNT
FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2012

ACCT NO	NATURAL GAS PLANT	MDU BALANCE 01-01-12	2012 ADDITIONS	2012 RETIREMENTS	2012 TRANSFERS	2012 ADJUSTMENTS	MDU BALANCE 12-31-12
	INTANGIBLE PLANT						
301	ORGANIZATION COSTS	0.00	0.00	0.00	0.00	0.00	$0.00
302	FRANCHISE AND CONSENTS	0.00	0.00	0.00	0.00	0.00	$0.00
303	MISCELLANEOUS INTANGIBLE PLANT	2,660,120.02	1,144,087.06	0.00	0.00	0.00	$3,804,207.08
	TOTAL INTANGIBLE	$2,660,120.02	$1,144,087.06	$0.00	$0.00	$0.00	$3,804,207.08
	PRODUCTION & GATHERING PLANT						
304	LAND AND LAND RIGHTS	0.00	0.00	0.00	0.00	0.00	$0.00
305	STRUCTURES AND IMPROVEMENTS	0.00	0.00	0.00	0.00	0.00	$0.00
3111	LIQUIFIED PETRO. PROPANE	0.00	0.00	0.00	0.00	0.00	$0.00
320	OTHER GAS PRODUCTION	0.00	0.00	0.00	0.00	0.00	$0.00
333	FIELD COMPRESSOR STATION EQUIP.	10,778,166.68	108,645.58	0.00	0.00	0.00	$10,886,812.26
339	ARO GAS PRODUCTION & GATHERING	98,285.22	0.00	0.00	0.00		$98,285.22
	TOTAL GAS PRODUCTION	$10,876,451.90	$108,645.58	$0.00	$0.00	$0.00	$10,985,097.48
	TRANSMISSION PLANT						
3651	LAND	0.00	0.00	0.00	0.00	0.00	$0.00
3652	LAND RIGHTS	0.00	0.00	0.00	0.00	0.00	$0.00
3671	MAINS	0.00	0.00	0.00	0.00	0.00	$0.00
3691	MEAS. AND REG. STATION EQUIP.	0.00	0.00	0.00	0.00	0.00	$0.00
	TOTAL TRANSMISSION	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	DISTRIBUTION PLANT						
3741	LAND	276,933.70	8,530.27	0.00	(86,873.77)	0.00	$198,590.20
3742	LAND RIGHTS	367,926.43	35,673.73	0.00	8,025.21	0.00	$411,625.37
375	STRUCTURES & IMPROVEMENTS	655,599.82	18,247.31	0.00	38,568.37	0.00	$712,415.50
376	MAINS	119,706,390.10	11,094,151.09	(219,226.12)	342,853.42	0.00	$130,924,168.49
378	MEAS. & REG. STATION EQUIP.-GENERAL	2,408,361.07	191,383.46	(20,368.04)	46,896.79	0.00	$2,626,273.28
379	MEAS. & REG. STATION EQUIP-CITY GATE	1,701,124.30	627,161.00	(2,465.87)	0.00	0.00	$2,325,819.43
380	SERVICES	61,760,842.19	8,369,068.40	(173,017.19)	381.92	0.00	$69,957,275.32
381	METERS	$58,285,743.59	3,528,941.06	(482,546.13)	(152,817.72)	0.00	$61,179,320.80
382	METER SET INSTALLATIONS	$0.00	0.00	0.00	0.00	0.00	$0.00
383	SERVICE REGULATORS	$6,665,638.48	645,733.61	(18,196.58)	(24,787.15)	0.00	$7,268,388.36
385	INDUSTRIAL MEAS. & REG. STATION EQUIP.	786,434.70	0.00	0.00	0.00	0.00	$786,434.70
3861	MISCELLANEOUS PROPERTY ON CUSTOMER PREMISE	1,679.84	0.00	0.00	0.00	0.00	$1,679.84
3862	OTHER PROPERTY ON CUSTOMER PREMISE	261,880.34	0.00	0.00	0.00	0.00	$261,880.34
3871	CATHODIC PROTECTION EQUIPMENT	2,406,620.03	82,229.25	(1,082.26)	6,021.19	0.00	$2,493,788.21
3872	OTHER DISTRIBUTION EQUIPMENT	587,151.32	0.00	0.00	0.00	0.00	$587,151.32
388	ARO DISTRIBUTION PLANT	115,629.38	0.00	0.00	0.00	0.00	$115,629.38
	TOTAL DISTRIBUTION PLANT	$255,987,955.29	$24,601,119.18	($916,902.19)	$178,268.26	$0.00	$279,850,440.54

MONTANA-DAKOTA UTILITIES CO.
ACCOUNT #1012
SCHEDULE OF UTILITY PLANT TRANSACTIONS BY SUB-PLANT ACCOUNT
FOR THE 12 MONTH PERIOD ENDED DECEMBER 31, 2012

ACCT NO	NATURAL GAS PLANT	MDU BALANCE 01-01-12	2012 ADDITIONS	2012 RETIREMENTS	2012 TRANSFERS	2012 ADJUSTMENTS	MDU BALANCE 12-31-12
	GENERAL PLANT						
389	LAND & LAND RIGHTS	1,484,244.41	0.00	(51,679.00)	86,873.77	0.00	$1,519,439.18
390	STRUCTURES & IMPROVEMENTS	8,599,225.65	159,357.55	(185,228.07)	2,348.54	0.00	$8,575,703.67
3911	OFFICE FURNITURE & EQUIPMENT	355,712.70	0.00	(4,852.88)	0.00	0.00	$350,859.82
3912	COMPUTER EQUIPMENT-HONEYWELL	0.00	0.00	0.00	0.00	0.00	$0.00
3913	COMPUTER EQUIPMENT-PC	463,672.83	56,628.64	(355,352.96)	0.00	0.00	$164,948.51
3915	OTHER COMPUTER EQUIPMENT	54,035.44	0.00	(26,016.32)	0.00	0.00	$28,019.12
3921	TRANSPORTATION EQUIPMENT-NON-UNITIZED	447,872.48	22,009.19	0.00	10,241.93	0.00	$480,123.60
3922	TRANSPORTATION EQUIPMENT-UNITIZED	7,955,254.31	534,838.86	(484,400.87)	(47,612.65)	0.00	$7,958,079.65
393	STORES EQUIPMENT	63,604.67	0.00	0.00	0.00	0.00	$63,604.67
3941	TOOLS, SHOP & GARAGE EQUIPMENT-NON-UNITIZED	2,091,733.29	130,668.93	(93,572.79)	0.00	0.00	$2,128,829.43
3942	TOOLS, SHOP & GARAGE EQUIPMENT-UNITIZED	(0.00)	0.00	0.00	0.00	0.00	($0.00)
3943	VEHICLE MAINTENANCE EQUIPMENT	37,100.02	0.00	(31,176.58)	0.00	0.00	$5,923.44
3944	VEHICLE REFUELING EQUIPMENT	12,444.04	0.00	0.00	0.00	0.00	$12,444.04
395	LABORATORY EQUIPMENT	217,351.36	0.00	0.00	0.00	0.00	$217,351.36
3961	WORK EQUIPMENT-TRAILERS	569,975.26	35,910.17	(5,016.92)	(1,123.91)	0.00	$599,744.60
3962	POWER OPERATED EQUIPMENT	6,998,028.24	3,137,187.05	(2,862,270.40)	(22,634.08)	0.00	$7,250,310.81
3971	RADIO COMMUNICATION EQUIPMENT-FIXED	530,130.48	0.00	(63,349.37)	0.00	0.00	$466,781.11
3972	RADIO COMMUNICATION EQUIPMENT-MOBILE	389,337.39	21,603.54	(29,327.11)	0.00	0.00	$381,613.82
3973	GENERAL TELEPHONE COMMUNICATIONS EQUIPMEN	60,470.40	0.00	(11,527.07)	0.00	0.00	$48,943.33
3975	SUPERVISORY & TELEMETERING EQUIPMENT	(0.00)	0.00	0.00	0.00	0.00	($0.00)
3976	SCADA SYSTEM	0.00	0.00	0.00	0.00	0.00	$0.00
3978	NETWORK EQUIPMENT	137,334.06	0.00	(114,735.71)	0.00	0.00	$22,598.35
398	MISCELLANEOUS EQUIPMENT	59,131.90	1,969.43	0.00	0.00	0.00	$61,101.33
	TOTAL GENERAL PLANT	$30,526,658.93	$4,100,173.36	($4,318,506.05)	$28,093.60	$0.00	$30,336,419.84
	TOTAL NATURAL GAS PLANT IN SERVICE	$300,051,186.14	$29,954,025.18	($5,235,408.24)	$206,361.86	$0.00	$324,976,164.94

374.1	$198,590.20
389	$1,519,439.18
303	$3,804,207.08
Total Non Depr	$5,522,236.46
Total Depreciat	$319,453,928.48
Total Depr Res	($167,913,785.54)
	-52.56%

Response No. MCC-234
Attachment A
Page 4 of 5

Montana-Dakota Utilities Company
Gas Division

Summary of Theoretical Depreciaiton Reserve Versus Book Depreciation Reserve as of December 31, 2008

Account No. (a)	Description (b)	Original Cost 12/31/08 (c)	Proposed A.S.L./ Curve (d)	Proposed Net Salvage % (e)	Theoretical Deprecation Reserve (f)	Total Book Depr Reserve 12/31/08 (g)
	DEPRECIABLE PLANT					
	Distribution Plant					
374.20	Rights of Way	322,677.60	65-R3	0%	39,681.26	67,017.62
375.00	Distr. Meas & Reg Station Structures	609,311.11	60-R3	-50%	421,702.65	356,503.11
	Mains					
376.10	Mains-Steel	41,975,049.45	47-R4	-50%	33,009,640.66	36,466,142.85
376.20	Mains-Plastic	63,935,958.79	47-R4	-50%	27,707,490.36	30,608,794.32
376.30	Mains-Valves	447,328.09	40-R2.5	-50%	232,839.34	257,220.39
376.40	Mains-Manholes	69,919.29	47-R4	-50%	49,919.08	55,146.20
376.50	Mains-Bridge & River Crossings	19,818.03	47-R4	-50%	5,451.79	6,022.66
	Total Mains	106,448,073.65			61,005,341.23	67,393,326.41
378.00	Meas & Reg Station Equip-General	2,140,308.63	40-R2	-30%	881,514.64	934,403.43
379.00	Meas & Reg Station Equip-City Gate	1,028,821.89	27-L0	-15%	474,581.44	566,306.49
	Services					
380.10	Services-Steel	7,285,187.87	40-R3	-200%	14,520,406.67	12,429,968.14
380.20	Services-Plastic	42,690,273.23	40-R3	-200%	35,219,750.23	30,149,319.03
380.30	Farm & Fuel Lines	248,640.18	30-R1.5	-200%	299,392.73	256,290.49
	Total Services	50,224,101.28			50,039,549.63	42,835,577.66
381.00	Meters	55,172,050.24	35-R4	-15%	19,383,996.02	16,541,851.01
383.00	Service Regulators	5,555,207.98	40-R2	10%	1,812,200.38	2,508,676.39
385.00	Industrial Meas. & Reg. Station Equi	875,376.89	35-R2	-15%	356,502.28	332,350.79
	MISCELLANEOUS EQUIPMENT					
386.10	Misc Property on Customers Premise	1,679.84	15-R3	0%	1,114.56	1,474.70
386.20	CNG Refueling station	261,880.34	15R-3	0%	202,668.85	259,586.77
386.30	CNG Lease/Demo	0.00	0%	0%	0.00	26,496.25
	TOTAL Account 386	263,560.18			203,783.41	287,557.72
	OTHER EQUIPMENT					
387.10	Cathodic Protection Equipment	1,737,817.71	20-R1.5	0%	864,736.38	1,180,475.15
387.20	Other Distribution Equipment	588,025.51	25-R3	0%	367,195.80	507,918.50
	TOTAL Account 387	2,325,843.22			1,231,932.18	1,688,393.65
	TOTAL Distribution Plant	224,965,332.67			135,850,785.12	133,511,964.28
	General Plant					
390.00	General Structures	5,835,295.28	31-R4	-10%	2,281,659.69	1,988,707.89
	TRANSPORTATION EQUIPMENT					

Montana-Dakota Utilities Company
Gas Division

Summary of Theoretical Depreciaiton Reserve Versus Book Depreciation Reserve as of December 31, 2008

Account No.	Description	Original Cost 12/31/08	Proposed A.S.L./ Curve	Proposed Net Salvage %	Theoretical Deprecation Reserve	Total Book Depr Reserve 12/31/08
(a)	(b)	(c)	(d)	(e)	(f)	(g)
392.10	Transportation Equipment (Trailers)	397,059.69	8-R0.5	15%	138,580.15	122,493.27
392.20	Transportation Equipment (Cars & Tr	8,775,094.21	7-R3	20%	3,701,754.53	7,366,984.18
	TOTAL Account 392	9,172,153.90			3,840,334.68	7,489,477.45
	POWER OPERATED EQUIPMENT					
396.10	Work Equipment (Trailers)	530,575.86	10-R2	20%	248,973.99	271,074.35
396.20	Power Operated Equipment	6,142,234.08	4-L1	80%	412,383.94	1,077,130.72
	TOTAL Account 396	6,672,809.94			661,357.93	1,348,205.07
	TOTAL General Plant	21,680,259.12			6,783,352.30	10,826,390.41
	TOTAL Depreciable Plant	246,645,591.79			142,634,137.42	144,338,354.69
	NON-DEPRECIABLE PLANT				**Depr Reserve %**	**58.5%**
374.1	Land (Distribution)	138,261.79				
389	Land & Land Rights (General)	1,328,891.91				
	Total Land	1,467,153.70				
	INTANGIBLE PLANT					
303	Miscellaneous Intangible Plant	3,949,065.10				
	Total Intangible Plant	3,949,065.10				
	TOTAL Non-Depreciable Plant	5,416,218.80				
	TOTAL Plant in Service	252,061,810.59				

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-235 Regarding: Depreciation Reserve
Witness: Robinson

Also regarding the statement on page 6 of Mr. Robinson's rebuttal testimony referred to in the previous data request, please provide:

a. **The annual theoretical reserve as of December 31, 2008 through 2012 based on Mr. Pous' proposed deprecation parameters by account; and**
b. **A copy of all authoritative sources that demonstrate that a particular reserve level, or the specific change in reserve levels, over a particular period of time demonstrates the validity of a particular set of proposed depreciation parameters.**

Response:

a. The requested information is not available.
b. Please see Response No. MCC-234 and Response No. MCC-236.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-236 **Regarding: Depreciation Reserve**
Witness: Robinson

Regarding the statements on page 7 of Mr. Robinson's rebuttal testimony that the depreciation reserve for Common plant has declined to 43.7% as of December 31, 2012, after the implementation of the proposed depreciation rates, please provide the following:

- **a. The actual calculation, including the source of all values;**
- **b. What the actual reserve relationship is as of December 31, 2012, given that the proposed depreciation rates have not been implemented;**
- **c. All support and justification for any claim that the referenced 43.7% depreciation reserve level is still not excessive;**
- **d. All standards or indices that identify what appropriate levels of depreciation reserve should be, along with all supporting documentation; and**
- **e. The annual theoretical reserve as of December 31, 2008 through 2012 based on Mr. Robinson's proposed deprecation parameters by account.**

Response:

a. Please see Response No. MCC-234, Attachment A. The 2008 source of the 2008 values is the depreciation study tables while the source of the 2012 values are the Company's plant in service and depreciation reserve statements.
b. Please see Response No. MCC-234, Attachment A.
c. Mr. Robinson's entire testimony on the subject is:

> "With regard to the results of the MDU-Common's 12-31-08 depreciation study is a significant decrease of $733,017 (relative to the Company's 12-31-08 depreciable plant in service) of annual depreciation expense of 30% of the then existing depreciation rates and expense. The proposed depreciation rates and expense were decreased for a large number of the property accounts comprising MDU's Common Plant investments. The application of the proposed account level depreciation rates to the December 31, 2008 Common Plant depreciable plant in service is an annual depreciation expense amount of $1,677,496 or a composite depreciation rate of 3.92%.
>
> Similar to the Company's Gas Plant, the Common Plant book depreciation reserve as a percentage of original cost declined over the intervening 4

Response No. MCC-236 (cont.)

> years since the effective date of the depreciation study. The Company's Common Plant book depreciation reserve has declined from 50.2% of depreciable original cost as of 12-31-2008 to 43.7% of depreciable original cost as of 12-31-2012 after the implementation of the proposed depreciation rates. Likewise, this fact clearly shows that the company's proposed depreciation rates are not excessive, and if anything, lower that necessary to maintain the existing depreciation reserve level."

The discussion regarding a the change in depreciation reserve is an additional consideration demonstrating that even with the ongoing depreciation rates the reserve has been declining over time. The average service lives have been lengthened somewhat and the negative net salvage has been decreased for a portion of the company's plant investment. Lengthening average service lives and lowering negative net salvage instantaneously reduces the theoretical depreciation reserve as of 12-31-08 inasmuch as the calculation as of 12-31-08 is based upon the inherent assumption that the proposed depreciation parameters have been used throughout the entire life of the property.

d. While there is no standard with regard to the specific percentage level of book depreciation reserve, the general movement in one direction or another over time gives some perspective as to whether a depreciation rate is overly excessive or deficient. The level of book depreciation reserve is the product of the transactions that are recorded to the reserve as well as the general average age and anticipated average service life of the property group.

   Mr. Robinson's analysis and related testimony was not limited to a simple comparison of book depreciation reserves. Mr. Robinson proposed depreciation rates were the product of comprehensive analysis of the Company's property and related experience and expectations.

e. Please see Attachment A for the 12-31-2008 theoretical reserve. Subsequent year's theoretical depreciation reserves are not available.

Montana-Dakota Utilities Company
Common Plant

Theoretical Depreciaiton Reserve Versus Book Depreciation Reserve as of December 31, 2008

Account No. (a)	Description (b)	Cost 12/31/08 (c)	A.S.L./ Curve (d)	Net Salvage % (e)	Theoretical Deprecation Reserve (h)	Total Book Depr Reserve 12/31/08 (f)
	DEPRECIABLE PLANT					
	General Plant					
390.0	General Structures	26,865,571.47	35-R1	0%	7,521,273.49	11,607,448.53
	TRANSPORTATION EQUIPMENT					
392.1	Transportation Equipment (Trail	113,614.30	24-L1	20%	42,864.21	152,128.67
392.2	Transportation Equipment (Cars	5,326,632.43	8-R2	20%	2,012,116.95	3,135,598.94
	TOTAL Account 392	5,440,246.73			2,054,981.16	3,287,727.61
396.2	Power Operated Equipment	53,432.48	10-R2	50%	14,160.76	7,669.90
	TOTAL Depreciable Plant	5,493,679.21			2,069,141.92	3,295,397.51

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-237 Regarding: Depreciation Reserve
Witness: Robinson

Also regarding the statements referred to in the previous data request, please provide:

a. **The annual theoretical reserve as of December 31, 2008 through 2012 based on Mr. Pous' proposed deprecation parameters by account; and**

b. **A copy of all authoritative sources that demonstrate that a particular reserve level, or the specific change in reserve levels, over a particular period of time demonstrates the validity of a particular set of proposed depreciation parameters.**

Response:

a. The requested information is not available.
b. Please see Response No MCC-234 and Response No. MCC-236.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-238 **Regarding:** **Depreciation Rates and Expenses**
Witness: **Robinson**

Regarding Mr. Robinson's statements beginning at the bottom of page 7 and continuing at the top of page 8 of his testimony regarding reasonable and rational depreciation rates and expenses, please state whether the resulting depreciation reserve level is a superior criterion to rely upon for determining reasonable and rational depreciation rates compared to the establishment of justifiable average service lives and corresponding net salvage values. Further, provide all support and justification, including documentation for Mr. Robinson's response.

Response:

While there is no standard with regard to the specific percentage level of book depreciation reserve, the general movement in one direction or another over time gives some perspective as to whether a depreciation rate is overly excessive or deficient. The level of book depreciation reserve is the product of the transactions that are recorded to the reserve as well as the general average age and anticipated average service life of the property group.

Mr. Robinson's analysis and related testimony was not limited to a simple comparison of book depreciation reserves. Mr. Robinson proposed depreciation rates were the product of comprehensive analysis of the Company's property and related experience and expectations.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-239 Regarding: Depreciation Rates and Expenses
Witness: Robinson

Regarding the statements at the bottom of page 7 and the top of page 8 of Mr. Robinson's rebuttal testimony regarding reasonable and rational depreciation rates and expense, please state all criteria relied upon in determination of reasonable and rational results other than the stated relationship of the depreciation reserves. Further, provide all support and justification for any claim or position that the level of the depreciation reserve dictates whether proposed depreciation parameters such as average service life, dispersion pattern, and net salvage values are reasonable and rational.

Response:

Please see Response No MCC-238.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-240 Regarding: Net Salvage
Witness: Robinson

Regarding the statements at page 8 of Mr. Robinson's rebuttal testimony regarding net salvage, please identify each separate "specific line item explanations" that Mr. Robinson claims he provided relative to specific property groups as well as each account, as referenced on lines 15 and 16.

Response:

With regard to various MCC data requests, responses provided specific requested information.

Following are examples of two data request responses that were provided, the first of which highlighted the fact that notwithstanding that the company has continually used plastic pipe for mains and services for a number of years, the property has continually evolved over time with improved versions of pipe. Such continually manufacture evolution of pipe highlights the fact that there are better process and that earlier versions may over time experience issues not previously identified.

The second data request response explains the reason for the various Common Plant Account 390 transactions and why they are not representative of likely future events.

MCC-179 RE: RESPONSE TO MCC-155
WITNESS: ROBINSON

In response to MCC-155, the Company claims that it does not have available in its fixed assets systems the requested information. At this time, please identify to the best of the Company's ability the different generations of plastic pipe it installed as well as the approximate years each different generation of plastic pipe was installed and when it ceased placing each generation of plastic pipe in service corresponding to plant in Account 376.2 - Distribution Plastic Mains. Further, provide all bases for the response.

Response:

Montana-Dakota has only used PE as the material for its plastic mains and services in Montana. The PE formulations have changed significantly over the years. Montana Dakota first started installing PE pipe in the late 1960's and early 1970's in its Districts. This first PE plastic pipes were from Dupont LDIW Aldyl "A" PE 2306, and they were installed up until approximately early1973. The "Standard" formula Dupont

Response No. MCC-240 (cont.)

Adyl "A" was installed from 1973 to 1984, and "Improved" Dupont Adyl "A" was
Response No. MCC-240 (cont.)

installed from 1984 -1985 when Montana-Dakota switched totally to other 2406 yellow pipe MOPE materials from various manufactures. Montana-Dakota does have some HOPE materials in service and some areas had a very brief time frame of installing orange 2306 Plexco PE in the 1984 - 1985 date ranges. Montana-Dakota has never used PVC in mains or services in Montana.

An approximate breakdown of mains in Montana is:

Pre-1973 LDIW Adyl A Dupont Mains - 183,484'

"Standard" 2306 Adyl A Dupont Mains - 1 ,582,769' (1973-1984)

Post 1984 2406 MOPE yellow (various) - 2,784,358'

Below is an approximate breakdown of the number of services: The services are an estimate of the total number of services using date ranges of total footage:

Pre-1973 LDIW Adyl A Dupont Services- 4,600

"Standard" 2306 Adyl A Dupont Services -16,100 (1973 -1984)

Post 1984 2406 MOPE yellow (various) - 29,650

Montana-Dakota did not document and record information for each pipe section installed as to the specific manufacture or PE characteristics. It is based on knowledge of subject matter experts and conservative estimates when products were purchased and charged in each operating district of the Company. It is also dependent on unknowns such as when material turnover resulted in a complete change to a particular pipe material. Montana-Dakota is currently moving to Bimodal PE with superior plastic characteristics

MCC-184 RE: ACCOUNT 390- COMMON PLANT
WITNESS: ROBINSON

As it relates to Account 390- Common Plant, please identify what retired and the reason for retirement corresponding to the $502,496 level of retirement set forth on page 5-2 of the Common Plant Depreciation Study in Exhibit_(EMR-2)

Response No. MCC-240 (cont.)

for the age interval 0.5-1.5. The response should further specifically demonstrate and fully support why retirements of such magnitude at such an early age are indicative of the existing plant in service.

Response:

The overwhelming majority (99 plus percent) of the $502,496 is related to the investment in the MDU Resources Group.The overwhelming majority (99 plus percent) of the $502,496 is related to the Corporate office building that was bought and sold within a relatively short time period (6 years- bought in 1994 and sold to MDU Resources in 2001). At the time, it was decided to create a separate company under MDU Resources to hold the assets of the building and its contents.

Montana-Dakota originally had on its books100 percent of the MDU Resources Corporate office building and its contents. When the new company, Future Source, was formed, Montana-Dakota sold the MDU Resources Corporate office building and its contents to Future Source at net book value.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-241 Regarding: SPR Analysis
Witness: Robinson

Regarding the statements at the bottom of page 8 and continuing on to page 9 of Mr. Robinson's rebuttal where claims that Mr. Pous' statements and assertions that Mr. Robinson "elected not to retain the analysis either on paper or other format" are untrue, please provide the specific portion of Mr. Robinson's reference to data request MCC-136 which supports his position. The response should specifically address the fact that the response expressly states that the "SPR analysis is not maintained in paper copy or other format." The response should further particularly identify where the information was retained and provided, other than Mr. Robinson's position that if he provided the input data to the analysis but not the analysis itself that such actions constitute providing the results.

Response:

Pous Testimony, page 12:

> "Unfortunately, Mr. Robinson claims that **he destroyed the results of each of the claimed SPR analyses performed** when he elected not to retain the analyses either in paper copy or other format."

The actual data response was as shown below. No information was destroyed. All basis information is still available and was provided in response to the data request.

Contrary to Mr. Pous' assertions, the following comprehensive response to Data Request MCC-136 was provided to Mr. Pous relative to his original data request for company depreciation information:

> "Please see Response No. MCC-135 for a complete copy of the historic depreciation database. **The output of the SPR analysis is not maintained in paper copy or other format. The databases and study software are electronic and the analysis is run in real time during the course of completing the study and plot outputs are provided (in the depreciation study report) for the service life parameters that were estimated for each of the property groups. The provision of any such output information would require rerunning the numerous SPR analyses and capture the results in an output file.** The SPR and or other analysis is one additional tool of various items that are reviewed to identify the applicable service life for each

Response No. MCC-241 (cont.)

of the applicable property groups.

It is imperative to note that page 126 of the "NARUC 1996 Public Utility Depreciation Practices" manual specifically states that: "Depreciation analysis should avoid becoming ensnared in the mechanics of the historical life study and relying solely on mathematical solutions. The reason for making an historical life analysis is to develop a sufficient understanding of history in order to evaluate whether it is a reasonable predicator of the future."

Within the SPR analysis, simulated calculations are prepared using the original gross additions along with the various curves and lives to test which life characteristics and lives best fit the range of year end balances. Such mathematical calculations are not intended to support the contention that the best fit curve is the appropriate service life parameter to be used for each of the applicable property groups.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-242 Regarding: SPR Analysis
Witness: Robinson

Regarding the statements at the bottom of page 10 and continuing at the top of page 11 of Mr. Robinson's rebuttal testimony regarding reproducing Mr. Robinson's analyses rather than Mr. Robinson providing his analyses, please admit that it is necessary to know the experience band and placement band associated with an SPR analysis in order to reproduce the same results that Mr. Robinson claims he performed. If the response is anything other than a full admission, then provide all support and justification for such contrary position. Finally, identify specifically where in Mr. Robinson's filed depreciation study the specific experience and placement bands performed for each account are identified or set forth.

Response:

As a matter of informed judgment, Mr. Robinson disagrees with the assertions set forth in this data request.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-243 Regarding: SPR Analysis
Witness: Robinson

Regarding the statements on page 11 of Mr. Robinson's rebuttal testimony that "there is no requirement that companies must produce output reports," please state if it is Mr. Robinson's opinion and experience that companies do not normally provide the primary basis for their requests in rate proceedings, noting that Mr. Robinson's depreciation study identifies the SPR analysis (not the input data to SPR) as the "primary input" for Mr. Robinson's proposed life-curve combinations for gas distribution accounts. Further, identify each case during the past five years in which Mr. Robinson did not provide the output to his life analysis, whether SPR or actuarial, either as part of the filing or through discovery in instances where depreciation was a contested issue. For each such instance, provide the name of the utility, the date, the docket number, and the jurisdiction. Further, identify the Commission staff or intervenor witness that addressed the depreciation issue in each such proceeding.

Response:

Mr. Robinson is not specifically aware of the depreciation study presentations of other consultants and/or operating companies. Mr. Robinson, has on occasions, seen copies of depreciation study reports that contain substantially less information than included with AUS prepared depreciation reports.

The changes in data sources (electronic data records) and the rather universal request from intervenors for such records, all information is available to complete whatever analysis is desired. Furthermore, as stated in the data response, due to the readily available electronic databases and wide spread use of study software the analysis is run in real time during the course of completing the study and plot outputs are provided (in the depreciation study report) for the service life parameters that were estimated for each of the property groups.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-244 Regarding: SPR Analysis
Witness: Robinson

Regarding the statements at the top of page 11 of Mr. Robinson's rebuttal testimony that in his experience "there is no requirement that companies must produce output reports" in support of their depreciation request, please explain why Mr. Robinson chose to provide output reports when performing actuarial analysis for the Company's common plant investment but elected to destroy or not retain output reports for SPR analyses performed for the Company's gas plant investment. The response should specifically identify the requirement applicable to actuarial analyses versus SPR analyses. Further, to the extent Mr. Robinson relies to any extent on a concept that retention of SPR output results are any different than the retention of actuarial output results, provide all support and justification for such position.

Response:

Curve fit analysis output was not provided for any of the referenced property accounts. Similar information was provided in the depreciation study reports for actuarial and simulated studied property groups.

The observed life tables included for the actuarial analysis accounts are the information source for the actuarial curve plots. Observed Life Tables are not generated in SPR process and therefore could not be provided.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-245 **Regarding: SPR Analysis**
Witness: Robinson

Regarding the statement in the middle of page 11 of Mr. Robinson's rebuttal testimony that electronic copies of the basic depreciation database constitute workpapers, please support and justify any conclusion that the results of SPR analyses or actuarial analyses are not also workpapers. To the extent Mr. Robinson believes that the results of life analyses do not constitute workpapers, provide all support and justification including all necessary documentation to support such position.

Response:

The changes in data sources (electronic data records) and the rather universal request from intervenors for such records, all information is available to complete whatever analysis is desired. Furthermore, as stated in the data response, due to the readily available electronic databases and wide spread use of study software the analysis is run in real time during the course of completing the study and plot outputs are provided (in the depreciation study report) for the service life parameters that were estimated for each of the property groups.

Therefore, the underlying electronic records constitute the workpapers required to complete the study and any desired alternative depreciation analysis or calculations.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-246 Regarding: Life Analysis
Witness: Robinson

Regarding the statement in the middle of page 11 of Mr. Robinson's rebuttal testimony that electronic copies of the basic depreciation database comprises workpapers, please admit that the database values without analysis of such database does not produce an average service life or dispersion pattern. In other words, admit that some form of life analysis must be performed on the database in order to yield average service life and dispersion characteristics of the property being analyzed. To the extent Mr. Robinson does not fully admit that the database only reflects input data and must be analyzed through some form of life analysis, provide all support and justification for such position, including all necessary documentation.

Response:

As a matter of informed judgment, Mr. Robinson disagrees with the assertions set forth in this data request.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-247 **Regarding: SPR Outputs**
Witness: Robinson

Regarding the statement on page 11 of Mr. Robinson's rebuttal testimony that SPR outputs are simply the output from tools used to analyze the basic workpapers (electronic database), please admit that the actuarial outputs are outputs from a tool used to analyze the basic workpapers. To the extent Mr. Robinson does not fully admit that the output to actuarial analysis is simply the output from the actuarial tool used to analyze the basic workpapers, then provide all support and justification, including all necessary supporting documentation for such position.

Response:

As a matter of informed judgment, Mr. Robinson disagrees with the assertions set forth in this data request.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-248 **Regarding: SPR Analysis**
Witness: Robinson

Given the statement at the bottom of page 11 of Mr. Robinson's rebuttal testimony that with current computer models there is no need to maintain paper records, please explain why Mr. Robinson did not maintain electronic records of the output of his SPR analyses when developing his depreciation study. To the extent Mr. Robinson in fact did retain, at the time of developing his depreciation studies, the output of SPR results electronically, fully explain and justify why he failed to provide such information when specifically requested to do so.

Response:
Mr. Robinson's rebuttal testimony specifically stated as follows:

Q10. DID YOU STATE THAT THE REPORTS REQUESTED BY MR. POUS COULD NOT BE REPRODUCED?

A. Clearly I did not. As can be seen from reading the above response, it is a comprehensive response to Mr. Pous' request in which I simply state that the depreciation analysis was run in real time and the output reports were not retained. I further stated: **"The provision of any such output information would require rerunning the numerous SPR analyses and capture the results in an output file."** In my experience, there is no requirement that companies must produce output reports for intervening parties, especially when they have been provided with all the basic input data.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-249 **Regarding: Net Salvage**
Witness: Robinson

Regarding the statement on page 12 of Mr. Robinson's rebuttal testimony that there is no automatic clerical calculation and recommendation of the forecasted net salvage amount, please provide the step-by-step analysis performed for each separate account to arrive at the proposed net salvage levels. For each step taken, identify all specific input relied upon and, to the extent Mr. Robinson relied more so on the historical database, it can be identified whether he relied on the most recent three-year period, five-year period, the overall period, or any other period of data. Also identify the specific inputs from Company management or other information reviewed and/or relied upon by Mr. Robinson within each step of the process. Further, provide all supporting documentation associated with each item of information relied upon. Next, explain in detail how each item of information was blended, allocated, apportioned, combined, etc. in order to arrive at the specific proposal made by Mr. Robinson. Finally, explain and justify why such information was not previously provided either in direct testimony or in response to discovery.

Response:

Please see Mr. Robinson's rebuttal at pages 12-15.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-250 **Regarding: Net Salvage Data**
Witness: Robinson

Regarding the statement at the top of page 14 of Mr. Robinson's rebuttal testimony that the situation referenced on page 13 occurs with the "majority of the Company's historical net salvage data" please specifically identify those accounts for which this situation does not occur and explain why. For those accounts where Mr. Robinson claims the situation occurs exactly the same, provide the dollar level of retirement for each asset by year demonstrating that the assets within each account were retired in exactly the same manner, requiring the same effort, and incurred the exact same cost of removal on a per-unit basis for each separate asset. Finally, provide the age of each asset retired, by account, by year. The information should be provided on electronic medium in Excel readable format. To the extent the Company does not have the age of each asset retired by year, by account, specifically so state and identify those specific accounts.

Response:

The actual testimony on the top of page 14 is as follows:

> "This is exactly the situation that occurs with the majority of the Company's historical net salvage data, except that most of the Company's property groups routinely experience negative net salvage (cost of removal) as opposed to positive salvage."

The data request is taken out of context. The testimony reference was to an explanation immediately preceding the states whereby analysis of early retirements early in the life of a property provides misleading information. The term "exactly" is not referring to each individual item but to the context of the prior testimony discussion.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-251 **Regarding: Net Salvage Data**
Witness: Robinson

Given Mr. Robinson's statements set forth on page 14 of his rebuttal testimony that quotes his response to MCC-143, please provide the following:

a. **The ages of plant retired by account, by year, demonstrating that they are younger than the average service life for the various property groups;**
b. **The quantification of the claimed significant understatement that the historical net salvage will likely exhibit compared to the overall net salvage that will be experienced as the property continues to age;**
c. **The specific consideration given by Mr. Robinson by account to the overall average net salvage as referenced;**
d. **The specific weighting given by Mr. Robinson by account to the recent experience clearly identifying what constitutes recent experience; and**
e. **The specific consideration given to the forecast analysis in estimating net salvage by account.**

Response:

a. Please see Attachment A for life statistics analysis for MDU's depreciable common plant. The exhibit identifies the average age of retirements for the Company's actuarial plant accounts. As can be seen in reviewing the average age of retirements for Account 390 the aggregate retirement age is 16.7 years as opposed to the estimated average service life of 35 years for the property group.

   This occurrence is essentially universal across nearly all property accounts within operating utilities. Exceptions to the occurrence are for property groups that experience very short average service lives and have high mode R curves such as Transportation-Vehicles that experience more limited mortality dispersions.

   For property groups studied via the simulated method specific aged retirements are not available.

   As noted in previous data request responses and testimony

   > "The estimated future net salvage percent for each property group gives consideration to the overall average, recent experience, and forecast analysis. The estimation process is one of gradualism

Response No. MCC-251 (cont.)

towards more future looking calculations which is more representative of the future net salvage that can be anticipated at end of life of the property group."

The process is not one of an arithmetical calculations, but generally gives the greatest weight to the experience of the most recent 5-10 year period, as well as reviewing overall historical experience and the forecast net salvage results.

b. The occurrence of retirements at average ages significant younger than average service life mandates that overall future retirements from the various property group will need to occur at far older ages for the overall property group to achieve its average service life. Given that net salvage is associated to a large degree to increasing labor costs, such costs increase over time. At the present time specific identification of such increased cost is unknown, but it is reasonable to acknowledge that such increases will occur. The net salvage forecast is a method used to estimate such increased cost. In general terms no specific adjustment was incorporated into the future net salvage estimate for the future occurrences. As previously stated, this factor along with the review of the range of data is the basis for giving increased consideration to more recent experience in the estimation of future net salvage percents.

c. Please see Response No MCC-251b.

d. Please see Response No MCC-251b.

e. Please see Response No MCC-251b.

Montana-Dakota Utilities Company
Common Plant
390.00 STRUCTURES & IMPROVEMENTS
Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1927	0.00	0.00	301,579.65	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1928	301,579.65	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1929	301,579.65	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1930	301,579.65	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1931	301,579.65	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1932	301,579.65	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1933	301,579.65	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1934	301,579.65	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1935	301,579.65	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1936	301,579.65	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1937	301,579.65	0.00	33,088.48	10.97	0.00	0.0	0.00	0.00	0.0	0.00
1938	334,668.13	10.97	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1939	334,668.13	0.00	400.00	0.12	0.00	0.0	0.00	0.00	0.0	0.00
1940	335,068.13	0.12	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1941	335,068.13	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1942	335,068.13	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1943	335,068.13	0.00	34,843.20	10.40	0.00	0.0	0.00	0.00	0.0	0.00
1944	369,911.33	10.40	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1945	369,911.33	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1946	369,911.33	0.00	23,091.34	6.24	0.00	0.0	0.00	0.00	0.0	0.00
1947	393,002.67	6.24	9,501.56	2.42	0.00	0.0	0.00	0.00	0.0	0.00
1948	402,504.23	2.42	1,159.06	0.29	0.00	0.0	0.00	0.00	0.0	0.00
1949	403,663.29	0.29	600.71	0.15	0.00	0.0	0.00	0.00	0.0	0.00
1950	404,264.00	0.15	20,114.22	4.98	0.00	0.0	0.00	0.00	0.0	0.00

Montana-Dakota Utilities Company

Common Plant

390.00 STRUCTURES & IMPROVEMENTS

Summary of Service Life Statistics (Report B)

	Reimbursed Retirements			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
Year	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1927	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1928	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1929	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1930	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1931	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1932	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1933	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1934	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1935	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1936	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1937	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1938	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1939	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1940	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1941	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1942	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1943	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1944	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1945	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1946	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1947	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1948	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1949	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1950	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00

Montana-Dakota Utilities Company
Common Plant
390.00 STRUCTURES & IMPROVEMENTS
Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1951	424,378.22	4.98	1,208.65	0.28	0.00	0.0	0.00	0.00	0.0	0.00
1952	425,586.87	0.28	131,137.48	30.81	0.00	0.0	0.00	0.00	0.0	0.00
1953	556,724.35	30.81	31,340.49	5.63	0.00	0.0	0.00	0.00	0.0	0.00
1954	588,064.84	5.63	7,590.84	1.29	0.00	0.0	0.00	0.00	0.0	0.00
1955	595,655.68	1.29	377,022.59	63.30	0.00	0.0	0.00	0.00	0.0	0.00
1956	972,678.27	63.30	113,610.50	11.68	0.00	0.0	0.00	0.00	0.0	0.00
1957	1,086,288.77	11.68	12,697.42	1.17	0.00	0.0	0.00	0.00	0.0	0.00
1958	1,098,986.19	1.17	4,803.35	0.44	0.00	0.0	0.00	0.00	0.0	0.00
1959	1,103,789.54	0.44	1,413.04	0.13	0.00	0.0	0.00	0.00	0.0	0.00
1960	1,105,202.58	0.13	7,633.04	0.69	0.00	0.0	0.00	0.00	0.0	0.00
1961	1,112,835.62	0.69	2,813.91	0.25	0.00	0.0	0.00	0.00	0.0	0.00
1962	1,115,649.53	0.25	9,611.94	0.86	0.00	0.0	0.00	0.00	0.0	0.00
1963	1,125,261.47	0.86	8,617.06	0.77	0.00	0.0	0.00	0.00	0.0	0.00
1964	1,133,878.53	0.77	27,430.80	2.42	0.00	0.0	0.00	0.00	0.0	0.00
1965	1,161,309.33	2.42	34,190.69	2.94	0.00	0.0	0.00	0.00	0.0	0.00
1966	1,195,500.02	2.94	165,753.54	13.86	0.00	0.0	0.00	0.00	0.0	0.00
1967	1,361,253.56	13.86	287,331.48	21.11	0.00	0.0	0.00	0.00	0.0	0.00
1968	1,648,585.04	21.11	1,178,522.03	71.49	0.00	0.0	0.00	0.00	0.0	0.00
1969	2,827,107.07	71.49	79,870.81	2.83	0.00	0.0	0.00	0.00	0.0	0.00
1970	2,906,977.88	2.83	9,590.85	0.33	0.00	0.0	0.00	0.00	0.0	0.00
1971	2,916,568.73	0.33	25,979.63	0.89	0.00	0.0	0.00	0.00	0.0	0.00
1972	2,942,548.36	0.89	436,323.90	14.83	0.00	0.0	0.00	0.00	0.0	0.00
1973	3,378,872.26	14.83	79,999.77	2.37	0.00	0.0	0.00	0.00	0.0	0.00
1974	3,458,872.03	2.37	26,883.33	0.78	0.00	0.0	0.00	0.00	0.0	0.00

Montana-Dakota Utilities Company

Common Plant

390.00 STRUCTURES & IMPROVEMENTS

Summary of Service Life Statistics (Report B)

	Reimbursed Retirements			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
Year	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1951	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1952	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1953	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1954	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1955	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1956	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1957	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1958	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1959	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1960	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1961	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1962	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1963	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1964	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1965	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1966	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1967	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1968	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1969	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1970	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1971	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1972	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1973	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1974	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00

Montana-Dakota Utilities Company
Common Plant
390.00 STRUCTURES & IMPROVEMENTS
Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1975	3,485,755.36	0.78	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1976	3,485,755.36	0.00	42,406.92	1.22	0.00	0.0	0.00	0.00	0.0	0.00
1977	3,528,162.28	1.22	418,749.19	11.87	0.00	0.0	0.00	33,563.08	40.0	0.95
1978	3,913,348.39	10.92	198,526.92	5.07	0.00	0.0	0.00	5,945.18	11.7	0.15
1979	4,105,930.13	4.92	620,274.56	15.11	0.00	0.0	0.00	361.83	17.5	0.01
1980	4,725,842.86	15.10	291,457.46	6.17	0.00	0.0	0.00	36,428.79	36.5	0.77
1981	4,980,871.53	5.40	1,137,847.04	22.84	0.00	0.0	0.00	386.16	17.3	0.01
1982	6,118,332.41	22.84	1,785,490.11	29.18	0.00	0.0	0.00	2,390.36	19.1	0.04
1983	7,901,432.16	29.14	537,741.50	6.81	0.00	0.0	0.00	119,847.19	27.2	1.52
1984	8,319,326.47	5.29	3,241,916.65	38.97	0.00	0.0	0.00	0.00	0.0	0.00
1985	11,561,243.12	38.97	564,878.17	4.89	0.00	0.0	0.00	29,321.00	31.4	0.25
1986	12,096,800.29	4.63	490,519.42	4.05	0.00	0.0	0.00	384,626.78	53.4	3.18
1987	12,202,692.93	0.88	6,992.79	0.06	0.00	0.0	0.00	114,668.89	31.1	0.94
1988	12,095,016.83	-0.88	4,844.35	0.04	0.00	0.0	0.00	1,065.81	12.3	0.01
1989	12,098,795.37	0.03	26,601.63	0.22	0.00	0.0	0.00	2,907.81	14.2	0.02
1990	12,122,489.19	0.20	357,433.29	2.95	0.00	0.0	0.00	1,179.28	39.5	0.01
1991	12,478,743.20	2.94	86,618.89	0.69	0.00	0.0	0.00	11,317.67	26.5	0.09
1992	12,554,044.42	0.60	201,790.50	1.61	0.00	0.0	0.00	6,400.00	17.6	0.05
1993	12,749,434.92	1.56	303,225.33	2.38	0.00	0.0	0.00	66,938.07	30.1	0.53
1994	12,985,722.18	1.85	4,401,969.36	33.90	0.00	0.0	0.00	76,339.95	27.5	0.59
1995	17,311,351.59	33.31	1,507,766.93	8.71	0.00	0.0	0.00	249,269.07	36.9	1.44
1996	18,569,849.45	7.27	328,408.43	1.77	0.00	0.0	0.00	174,572.37	18.9	0.94
1997	18,723,685.51	0.83	1,411,645.58	7.54	0.00	0.0	0.00	92,134.79	27.3	0.49
1998	20,043,196.30	7.05	262,526.48	1.31	0.00	0.0	0.00	261,465.46	9.0	1.30

Montana-Dakota Utilities Company

Common Plant

390.00 STRUCTURES & IMPROVEMENTS

Summary of Service Life Statistics (Report B)

	Reimbursed Retirements			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
Year	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1975	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1976	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1977	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	33,563.08	40.0	0.95
1978	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	5,945.18	11.7	0.15
1979	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	361.83	17.5	0.01
1980	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	36,428.79	36.5	0.77
1981	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	386.16	17.3	0.01
1982	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	2,390.36	19.1	0.04
1983	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	119,847.19	27.2	1.52
1984	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1985	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	29,321.00	31.4	0.25
1986	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	384,626.78	53.4	3.18
1987	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	114,668.89	31.1	0.94
1988	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	1,065.81	12.3	0.01
1989	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	2,907.81	14.2	0.02
1990	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	1,179.28	39.5	0.01
1991	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	11,317.67	26.5	0.09
1992	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	6,400.00	17.6	0.05
1993	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	66,938.07	30.1	0.53
1994	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	76,339.95	27.5	0.59
1995	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	249,269.07	36.9	1.44
1996	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	174,572.37	18.9	0.94
1997	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	92,134.79	27.3	0.49
1998	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	261,465.46	9.0	1.30

Montana-Dakota Utilities Company
Common Plant
390.00 STRUCTURES & IMPROVEMENTS
Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1999	20,044,257.32	0.01	278,672.89	1.39	0.00	0.0	0.00	303,792.23	28.7	1.52
2000	20,019,137.98	-0.13	1,223,785.07	6.11	0.00	0.0	0.00	172,070.45	12.3	0.86
2001	21,070,852.60	5.25	390,980.33	1.86	0.00	0.0	0.00	3,412,449.42	6.3	16.20
2002	18,049,383.51	-14.34	471,995.74	2.62	-121,633.75	0.0	-0.67	110,036.20	21.5	0.61
2003	18,289,709.30	1.33	267,482.71	1.46	0.00	0.0	0.00	16,416.00	20.2	0.09
2004	18,540,776.01	1.37	1,288,054.12	6.95	-11,164.38	0.0	-0.06	1,053,662.14	22.2	5.68
2005	18,764,003.61	1.20	3,892,369.73	20.74	-367,958.45	0.0	-1.96	-32,272.79	0.0	-0.17
2006	22,320,687.68	18.95	43,081.84	0.19	0.00	0.0	0.00	381,881.81	16.3	1.71
2007	21,981,887.71	-1.52	4,703,481.21	21.40	4,940.05	2.5	0.02	95,847.37	32.9	0.44
2008	26,594,461.60	20.98	192,796.70	0.72	105,261.93	0.5	0.40	26,948.76	25.4	0.10
	Total		34,468,087.20		-390,554.60	0.0		7,211,961.13	16.7	

Surviving Balance as Of 12/31/ 2008 *26,865,571.47*
The Average Age Of These Survivors Is: *14.65 Years*
The Compound Growth Rate Over 81 Years *5.70 %*
Based Upon Correction Transaction Year

Montana-Dakota Utilities Company

Common Plant

390.00 STRUCTURES & IMPROVEMENTS

Summary of Service Life Statistics (Report B)

	Reimbursed Retirements			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
Year	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1999	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	303,792.23	28.7	1.52
2000	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	172,070.45	12.3	0.86
2001	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	3,412,449.42	6.3	16.20
2002	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	110,036.20	21.5	0.61
2003	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	16,416.00	20.2	0.09
2004	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	1,053,662.14	22.2	5.68
2005	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	-32,272.79	0.0	-0.17
2006	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	381,881.81	16.3	1.71
2007	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	95,847.37	32.9	0.44
2008	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	26,948.76	25.4	0.10
Total	0.00	0.0		0.00	0.0		0.00	0.0		7,211,961.13	16.7	

Montana-Dakota Utilities Company

Common Plant

392.10 TRANSPORTATION EQUIPMENT - (TRAILERS)

Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1938	0.00	0.00	22.74	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1939	22.74	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1940	22.74	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1941	22.74	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1942	22.74	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1943	22.74	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1944	22.74	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1945	22.74	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1946	22.74	0.00	1,106.00	4,863.68	0.00	0.0	0.00	0.00	0.0	0.00
1947	1,128.74	4,863.68	197.53	17.50	0.00	0.0	0.00	0.00	0.0	0.00
1948	1,326.27	17.50	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1949	1,326.27	0.00	616.19	46.46	0.00	0.0	0.00	0.00	0.0	0.00
1950	1,942.46	46.46	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1951	1,942.46	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1952	1,942.46	0.00	1,076.56	55.42	0.00	0.0	0.00	0.00	0.0	0.00
1953	3,019.02	55.42	4,937.03	163.53	0.00	0.0	0.00	0.00	0.0	0.00
1954	7,956.05	163.53	5,977.66	75.13	0.00	0.0	0.00	0.00	0.0	0.00
1955	13,933.71	75.13	2,714.31	19.48	0.00	0.0	0.00	0.00	0.0	0.00
1956	16,648.02	19.48	2,940.17	17.66	0.00	0.0	0.00	0.00	0.0	0.00
1957	19,588.19	17.66	724.67	3.70	0.00	0.0	0.00	0.00	0.0	0.00
1958	20,312.86	3.70	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1959	20,312.86	0.00	337.09	1.66	0.00	0.0	0.00	0.00	0.0	0.00
1960	20,649.95	1.66	828.94	4.01	0.00	0.0	0.00	0.00	0.0	0.00
1961	21,478.89	4.01	1,318.81	6.14	0.00	0.0	0.00	0.00	0.0	0.00

Montana-Dakota Utilities Company

Common Plant

392.10 TRANSPORTATION EQUIPMENT - (TRAILERS)

Summary of Service Life Statistics (Report B)

	Reimbursed Retirements			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
Year	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1938	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1939	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1940	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1941	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1942	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1943	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1944	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1945	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1946	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1947	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1948	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1949	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1950	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1951	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1952	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1953	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1954	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1955	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1956	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1957	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1958	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1959	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1960	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1961	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00

Montana-Dakota Utilities Company

Common Plant

392.10 TRANSPORTATION EQUIPMENT - (TRAILERS)

Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1962	22,797.70	6.14	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1963	22,797.70	0.00	640.17	2.81	0.00	0.0	0.00	0.00	0.0	0.00
1964	23,437.87	2.81	3,572.24	15.24	0.00	0.0	0.00	0.00	0.0	0.00
1965	27,010.11	15.24	216.05	0.80	0.00	0.0	0.00	0.00	0.0	0.00
1966	27,226.16	0.80	1,154.88	4.24	0.00	0.0	0.00	0.00	0.0	0.00
1967	28,381.04	4.24	1,251.86	4.41	0.00	0.0	0.00	0.00	0.0	0.00
1968	29,632.90	4.41	12,068.01	40.73	0.00	0.0	0.00	0.00	0.0	0.00
1969	41,700.91	40.73	1,786.52	4.28	0.00	0.0	0.00	0.00	0.0	0.00
1970	43,487.43	4.28	5,177.02	11.90	0.00	0.0	0.00	0.00	0.0	0.00
1971	48,664.45	11.90	2,437.79	5.01	0.00	0.0	0.00	0.00	0.0	0.00
1972	51,102.24	5.01	688.04	1.35	0.00	0.0	0.00	0.00	0.0	0.00
1973	51,790.28	1.35	4,795.22	9.26	0.00	0.0	0.00	0.00	0.0	0.00
1974	56,585.50	9.26	4,487.17	7.93	0.00	0.0	0.00	0.00	0.0	0.00
1975	61,072.67	7.93	1,315.30	2.15	0.00	0.0	0.00	0.00	0.0	0.00
1976	62,387.97	2.15	269.34	0.43	0.00	0.0	0.00	0.00	0.0	0.00
1977	62,657.31	0.43	0.00	0.00	0.00	0.0	0.00	1,185.10	24.2	1.89
1978	61,472.21	-1.89	3,526.04	5.74	0.00	0.0	0.00	412.19	22.5	0.67
1979	64,586.06	5.07	16,699.30	25.86	0.00	0.0	0.00	0.00	0.0	0.00
1980	81,285.36	25.86	12,648.92	15.56	0.00	0.0	0.00	603.65	11.5	0.74
1981	93,330.63	14.82	5,621.98	6.02	0.00	0.0	0.00	386.34	7.5	0.41
1982	98,566.27	5.61	7,369.23	7.48	0.00	0.0	0.00	0.00	0.0	0.00
1983	105,935.50	7.48	8,407.10	7.94	0.00	0.0	0.00	3,422.98	28.5	3.23
1984	110,919.62	4.70	15,386.54	13.87	0.00	0.0	0.00	7,618.25	25.5	6.87
1985	118,687.91	7.00	120,941.35	101.90	0.00	0.0	0.00	118,612.65	1.6	99.94

Montana-Dakota Utilities Company

Common Plant

392.10 TRANSPORTATION EQUIPMENT - (TRAILERS)

Summary of Service Life Statistics (Report B)

	Reimbursed Retirements			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
Year	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1962	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1963	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1964	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1965	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1966	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1967	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1968	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1969	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1970	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1971	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1972	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1973	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1974	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1975	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1976	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1977	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	1,185.10	24.2	1.89
1978	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	412.19	22.5	0.67
1979	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1980	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	603.65	11.5	0.74
1981	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	386.34	7.5	0.41
1982	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1983	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	3,422.98	28.5	3.23
1984	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	7,618.25	25.5	6.87
1985	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	118,612.65	1.6	99.94

Montana-Dakota Utilities Company

Common Plant

392.10 TRANSPORTATION EQUIPMENT - (TRAILERS)

Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1986	121,016.61	1.96	0.00	0.00	0.00	0.0	0.00	661.19	37.0	0.55
1987	120,355.42	-0.55	1,636.76	1.36	0.00	0.0	0.00	0.00	0.0	0.00
1988	121,992.18	1.36	21,673.27	17.77	0.00	0.0	0.00	0.00	0.0	0.00
1989	143,665.45	17.77	29,308.86	20.40	0.00	0.0	0.00	1,569.70	25.5	1.09
1990	171,404.61	19.31	6,921.80	4.04	0.00	0.0	0.00	1,141.64	36.5	0.67
1991	177,184.77	3.37	47,710.59	26.93	0.00	0.0	0.00	0.00	0.0	0.00
1992	224,895.36	26.93	20,869.81	9.28	0.00	0.0	0.00	3,394.18	23.0	1.51
1993	242,370.99	7.77	6,531.90	2.70	0.00	0.0	0.00	10.00	19.5	0.00
1994	248,892.89	2.69	2,053.77	0.83	0.00	0.0	0.00	2,004.82	34.5	0.81
1995	248,941.84	0.02	11,324.80	4.55	0.00	0.0	0.00	0.00	0.0	0.00
1996	260,266.64	4.55	0.00	0.00	0.00	0.0	0.00	15,692.74	18.5	6.03
1997	244,573.90	-6.03	11,785.47	4.82	0.00	0.0	0.00	1,174.62	42.5	0.48
1998	255,184.75	4.34	0.00	0.00	0.00	0.0	0.00	1,161.61	34.5	0.46
1999	254,023.14	-0.46	0.00	0.00	0.00	0.0	0.00	8,701.98	31.5	3.43
2000	245,321.16	-3.43	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2001	245,321.16	0.00	6,026.26	2.46	0.00	0.0	0.00	181.56	49.5	0.07
2002	251,165.86	2.38	4,576.88	1.82	0.00	0.0	0.00	1,666.61	22.5	0.66
2003	254,076.13	1.16	0.00	0.00	0.00	0.0	0.00	2,052.44	24.5	0.81
2004	252,023.69	-0.81	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2005	252,023.69	0.00	0.00	0.00	0.00	0.0	0.00	14,523.90	12.2	5.76
2006	237,499.79	-5.76	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2007	237,499.79	0.00	0.00	0.00	0.00	0.0	0.00	4,477.25	27.9	1.89
2008	233,022.54	-1.89	0.00	0.00	-103,820.03	0.0	-44.55	15,588.19	27.3	6.69

Montana-Dakota Utilities Company

Common Plant

392.10 TRANSPORTATION EQUIPMENT - (TRAILERS)

Summary of Service Life Statistics (Report B)

	Reimbursed Retirements			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
Year	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1986	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	661.19	37.0	0.55
1987	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1988	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1989	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	1,569.70	25.5	1.09
1990	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	1,141.64	36.5	0.67
1991	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1992	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	3,394.18	23.0	1.51
1993	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	10.00	19.5	0.00
1994	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	2,004.82	34.5	0.81
1995	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1996	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	15,692.74	18.5	6.03
1997	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	1,174.62	42.5	0.48
1998	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	1,161.61	34.5	0.46
1999	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	8,701.98	31.5	3.43
2000	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2001	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	181.56	49.5	0.07
2002	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	1,666.61	22.5	0.66
2003	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	2,052.44	24.5	0.81
2004	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2005	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	14,523.90	12.2	5.76
2006	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2007	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	4,477.25	27.9	1.89
2008	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	15,588.19	27.3	6.69

Montana-Dakota Utilities Company

Common Plant

392.10 TRANSPORTATION EQUIPMENT - (TRAILERS)

Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
	Total		423,677.94		-103,820.03	0.0		206,243.59	11.0	

Surviving Balance as Of 12/31/ 2008 *113,614.32*

The Average Age Of These Survivors Is: *20.08 Years*

The Compound Growth Rate Over 70 Years *12.94 %*

Based Upon Correction Transaction Year

Montana-Dakota Utilities Company

Common Plant

392.10 TRANSPORTATION EQUIPMENT - (TRAILERS)

Summary of Service Life Statistics (Report B)

	Reimbursed Retirements			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
Year	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
Total	0.00	0.0		0.00	0.0		0.00	0.0		206,243.59	11.0	

Montana-Dakota Utilities Company

Common Plant

392.20 TRANSPORTATION EQUIPMENT - (CARS & TRUCKS)

Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1927	0.00	0.00	5,695.64	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1928	5,695.64	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1929	5,695.64	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1930	5,695.64	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1931	5,695.64	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1932	5,695.64	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1933	5,695.64	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1934	5,695.64	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1935	5,695.64	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1936	5,695.64	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1937	5,695.64	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1938	5,695.64	0.00	3,769.13	66.18	0.00	0.0	0.00	0.00	0.0	0.00
1939	9,464.77	66.18	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1940	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1941	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1942	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1943	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1944	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1945	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1946	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1947	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1948	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1949	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1950	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00

Montana-Dakota Utilities Company

Common Plant

392.20 TRANSPORTATION EQUIPMENT - (CARS & TRUCKS)

Summary of Service Life Statistics (Report B)

	Reimbursed Retirements			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
Year	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1927	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1928	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1929	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1930	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1931	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1932	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1933	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1934	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1935	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1936	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1937	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1938	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1939	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1940	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1941	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1942	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1943	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1944	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1945	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1946	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1947	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1948	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1949	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1950	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00

Montana-Dakota Utilities Company

Common Plant

392.20 TRANSPORTATION EQUIPMENT - (CARS & TRUCKS)

Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1951	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1952	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1953	9,464.77	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1954	9,464.77	0.00	9,288.73	98.14	0.00	0.0	0.00	0.00	0.0	0.00
1955	18,753.50	98.14	2,537.03	13.53	0.00	0.0	0.00	0.00	0.0	0.00
1956	21,290.53	13.53	1,523.38	7.16	0.00	0.0	0.00	0.00	0.0	0.00
1957	22,813.91	7.16	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1958	22,813.91	0.00	5,643.60	24.74	0.00	0.0	0.00	0.00	0.0	0.00
1959	28,457.51	24.74	852.72	3.00	0.00	0.0	0.00	0.00	0.0	0.00
1960	29,310.23	3.00	35,394.02	120.76	0.00	0.0	0.00	0.00	0.0	0.00
1961	64,704.25	120.76	16,852.67	26.05	0.00	0.0	0.00	0.00	0.0	0.00
1962	81,556.92	26.05	14,840.68	18.20	0.00	0.0	0.00	0.00	0.0	0.00
1963	96,397.60	18.20	4,984.56	5.17	0.00	0.0	0.00	0.00	0.0	0.00
1964	101,382.16	5.17	41,927.50	41.36	0.00	0.0	0.00	0.00	0.0	0.00
1965	143,309.66	41.36	32,224.16	22.49	0.00	0.0	0.00	0.00	0.0	0.00
1966	175,533.82	22.49	73,358.19	41.79	0.00	0.0	0.00	0.00	0.0	0.00
1967	248,892.01	41.79	99,961.69	40.16	0.00	0.0	0.00	0.00	0.0	0.00
1968	348,853.70	40.16	98,174.36	28.14	0.00	0.0	0.00	0.00	0.0	0.00
1969	447,028.06	28.14	187,511.73	41.95	0.00	0.0	0.00	0.00	0.0	0.00
1970	634,539.79	41.95	375,790.03	59.22	0.00	0.0	0.00	0.00	0.0	0.00
1971	1,010,329.82	59.22	301,292.92	29.82	0.00	0.0	0.00	0.00	0.0	0.00
1972	1,311,622.74	29.82	436,515.01	33.28	0.00	0.0	0.00	0.00	0.0	0.00
1973	1,748,137.75	33.28	501,371.85	28.68	0.00	0.0	0.00	0.00	0.0	0.00
1974	2,249,509.60	28.68	471,940.04	20.98	0.00	0.0	0.00	0.00	0.0	0.00

Montana-Dakota Utilities Company

Common Plant

392.20 TRANSPORTATION EQUIPMENT - (CARS & TRUCKS)

Summary of Service Life Statistics (Report B)

	Reimbursed Retirements			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
Year	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1951	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1952	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1953	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1954	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1955	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1956	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1957	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1958	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1959	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1960	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1961	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1962	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1963	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1964	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1965	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1966	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1967	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1968	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1969	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1970	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1971	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1972	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1973	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1974	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00

Montana-Dakota Utilities Company

Common Plant

392.20 TRANSPORTATION EQUIPMENT - (CARS & TRUCKS)

Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1975	2,721,449.64	20.98	269,767.79	9.91	0.00	0.0	0.00	0.00	0.0	0.00
1976	2,991,217.43	9.91	470,462.11	15.73	0.00	0.0	0.00	0.00	0.0	0.00
1977	3,461,679.54	15.73	624,115.87	18.03	0.00	0.0	0.00	382,864.17	7.8	11.06
1978	3,702,931.24	6.97	561,496.25	15.16	0.00	0.0	0.00	320,558.46	8.4	8.66
1979	3,943,869.03	6.51	635,014.20	16.10	0.00	0.0	0.00	352,093.67	7.5	8.93
1980	4,226,789.56	7.17	2,471,599.23	58.47	0.00	0.0	0.00	366,920.67	8.9	8.68
1981	6,331,468.12	49.79	374,122.96	5.91	0.00	0.0	0.00	401,828.38	8.5	6.35
1982	6,303,762.70	-0.44	289,592.96	4.59	0.00	0.0	0.00	413,793.54	8.4	6.56
1983	6,179,562.12	-1.97	391,954.39	6.34	0.00	0.0	0.00	546,381.66	8.5	8.84
1984	6,025,134.85	-2.50	394,142.30	6.54	0.00	0.0	0.00	442,158.28	9.4	7.34
1985	5,977,118.87	-0.80	237,666.77	3.98	0.00	0.0	0.00	2,255,621.28	6.7	37.74
1986	3,959,164.36	-33.76	139,277.91	3.52	0.00	0.0	0.00	539,562.46	10.1	13.63
1987	3,558,879.81	-10.11	184,744.94	5.19	0.00	0.0	0.00	406,940.32	9.2	11.43
1988	3,336,684.43	-6.24	156,567.79	4.69	0.00	0.0	0.00	506,735.34	10.1	15.19
1989	2,986,516.88	-10.49	155,694.93	5.21	0.00	0.0	0.00	563,190.62	9.6	18.86
1990	2,579,021.19	-13.64	339,762.93	13.17	0.00	0.0	0.00	593,225.52	10.8	23.00
1991	2,325,558.60	-9.83	528,531.23	22.73	0.00	0.0	0.00	502,235.39	10.5	21.60
1992	2,351,854.44	1.13	258,132.50	10.98	0.00	0.0	0.00	134,810.89	10.2	5.73
1993	2,475,176.05	5.24	367,656.58	14.85	0.00	0.0	0.00	137,487.82	11.4	5.55
1994	2,705,344.81	9.30	752,420.42	27.81	0.00	0.0	0.00	317,142.07	10.2	11.72
1995	3,140,623.16	16.09	102,610.21	3.27	0.00	0.0	0.00	102,740.78	7.2	3.27
1996	3,140,492.59	0.00	356,560.17	11.35	0.00	0.0	0.00	356,650.28	10.7	11.36
1997	3,140,402.48	0.00	578,604.10	18.42	0.00	0.0	0.00	140,592.98	9.5	4.48
1998	3,578,413.60	13.95	206,795.35	5.78	0.00	0.0	0.00	240,376.81	11.4	6.72

Montana-Dakota Utilities Company

Common Plant

392.20 TRANSPORTATION EQUIPMENT - (CARS & TRUCKS)

Summary of Service Life Statistics (Report B)

Year	Reimbursed Retirements			Sales			Final/Pending Retirements			Total Retirements		
	Amount	Average Age	% Beginning Balance	Amount	Average Age	% Beginning Balance	Amount	Average Age	% Beginning Balance	Amount	Average Age	% Beginning Balance
1975	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1976	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1977	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	382,864.17	7.8	11.06
1978	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	320,558.46	8.4	8.66
1979	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	352,093.67	7.5	8.93
1980	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	366,920.67	8.9	8.68
1981	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	401,828.38	8.5	6.35
1982	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	413,793.54	8.4	6.56
1983	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	546,381.66	8.5	8.84
1984	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	442,158.28	9.4	7.34
1985	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	2,255,621.28	6.7	37.74
1986	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	539,562.46	10.1	13.63
1987	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	406,940.32	9.2	11.43
1988	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	506,735.34	10.1	15.19
1989	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	563,190.62	9.6	18.86
1990	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	593,225.52	10.8	23.00
1991	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	502,235.39	10.5	21.60
1992	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	134,810.89	10.2	5.73
1993	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	137,487.82	11.4	5.55
1994	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	317,142.07	10.2	11.72
1995	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	102,740.78	7.2	3.27
1996	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	356,650.28	10.7	11.36
1997	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	140,592.98	9.5	4.48
1998	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	240,376.81	11.4	6.72

Montana-Dakota Utilities Company

Common Plant

392.20 TRANSPORTATION EQUIPMENT - (CARS & TRUCKS)

Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1999	3,544,832.14	-0.94	601,812.44	16.98	0.00	0.0	0.00	272,550.94	10.4	7.69
2000	3,874,093.64	9.29	774,516.29	19.99	0.00	0.0	0.00	388,959.44	9.3	10.04
2001	4,259,650.49	9.95	605,932.87	14.22	0.00	0.0	0.00	505,831.14	9.4	11.87
2002	4,359,752.22	2.35	826,873.78	18.97	-40,654.76	0.0	-0.93	115,214.63	9.0	2.64
2003	5,030,756.61	15.39	425,838.44	8.46	-140,070.15	0.0	-2.78	335,793.68	8.5	6.67
2004	4,980,731.22	-0.99	706,354.18	14.18	-23,640.77	0.0	-0.47	583,450.75	8.5	11.71
2005	5,079,993.88	1.99	322,652.17	6.35	-176,048.73	0.0	-3.47	421,851.72	9.2	8.30
2006	4,804,745.60	-5.42	808,371.80	16.82	-145,802.20	0.0	-3.03	449,922.13	8.6	9.36
2007	5,017,393.07	4.43	951,927.39	18.97	-198,214.62	0.0	-3.95	625,878.69	9.3	12.47
2008	5,145,227.15	2.55	339,769.19	6.60	330,124.89	6.8	6.42	488,488.81	9.7	9.49
	Total		19,932,792.08		-394,306.34	0.0		14,211,853.32	8.9	

Surviving Balance as Of 12/31/ 2008 *5,326,632.42*

The Average Age Of These Survivors Is: *5.34 Years*

The Compound Growth Rate Over 81 Years *8.81 %*

Based Upon Correction Transaction Year

Montana-Dakota Utilities Company

Common Plant

392.20 TRANSPORTATION EQUIPMENT - (CARS & TRUCKS)

Summary of Service Life Statistics (Report B)

	Reimbursed Retirements			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
Year	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1999	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	272,550.94	10.4	7.69
2000	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	388,959.44	9.3	10.04
2001	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	505,831.14	9.4	11.87
2002	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	115,214.63	9.0	2.64
2003	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	335,793.68	8.5	6.67
2004	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	583,450.75	8.5	11.71
2005	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	421,851.72	9.2	8.30
2006	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	449,922.13	8.6	9.36
2007	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	625,878.69	9.3	12.47
2008	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	488,488.81	9.7	9.49
Total	0.00	0.0		0.00	0.0		0.00	0.0		14,211,853.32	8.9	

Montana-Dakota Utilities Company

Common Plant

396.20 POWER OPERATED EQUIPMENT

Summary of Service Life Statistics (Report A)

			Gross Additions		*Adjust., Transfers, Acquisitions*			*Regular Retirements*		
Year	*Beginning Balance*	*Annual Growth Rate*	*Amount*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1997	0.00	0.00	6,082.85	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1998	6,082.85	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1999	6,082.85	0.00	74,599.56	1,226.39	0.00	0.0	0.00	0.00	0.0	0.00
2000	80,682.41	1,226.39	63,626.84	78.86	0.00	0.0	0.00	0.00	0.0	0.00
2001	144,309.25	78.86	19,346.21	13.41	0.00	0.0	0.00	6,082.85	4.5	4.22
2002	157,572.61	9.19	51,515.72	32.69	-18,756.01	0.0	-11.90	0.00	0.0	0.00
2003	190,332.32	20.79	0.00	0.00	-86,021.35	0.0	-45.20	0.00	0.0	0.00
2004	104,310.97	-45.20	0.00	0.00	0.00	0.0	0.00	14,192.25	4.5	13.61
2005	90,118.72	-13.61	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2006	90,118.72	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2007	90,118.72	0.00	0.00	0.00	-36,686.25	0.0	-40.71	0.00	0.0	0.00
2008	53,432.47	-40.71	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00
	Total		215,171.18		-141,463.61	0.0		20,275.10	4.5	

Surviving Balance as Of 12/31/ 2008 *53,432.47*

The Average Age Of These Survivors Is: *6.71 Years*

The Compound Growth Rate Over 11 Years *5.88 %*

Based Upon Correction Transaction Year

Montana-Dakota Utilities Company

Common Plant

396.20 POWER OPERATED EQUIPMENT

Summary of Service Life Statistics (Report B)

Year	*Reimbursed Retirements*			*Sales*			*Final/Pending Retirements*			*Total Retirements*		
	Amount	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*	*Amount*	*Average Age*	*% Beginning Balance*
1997	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1998	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
1999	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2000	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2001	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	6,082.85	4.5	4.22
2002	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2003	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2004	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	14,192.25	4.5	13.61
2005	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2006	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2007	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
2008	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.0	0.00
Total	0.00	0.0		0.00	0.0		0.00	0.0		20,275.10	4.5	

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-252 Regarding: Purpose of Testimony
Witness: Robinson

Regarding the statements at the bottom of page 15 and continuing on to the top of page 16 of Mr. Robinson's rebuttal testimony where he states that it is obvious to him that Mr. Pous' goal and task is to reduce the Company's revenue requirements and that it does not appear that Mr. Pous is attempting to find the appropriate recovery level, please provide all statements reflected in Mr. Pous' testimony that actually state that such actions are in fact Mr. Pous' task and goal. To the extent these statements represent Mr. Robinson's opinion and impressions rather than fact based on admissions by Mr. Pous, specifically so state. Further, justify Mr. Robinson's opinion that Mr. Pous' task and goal is to only lower revenue requirements given his own admission on page 16 that Mr. Pous has in fact proposed depreciation parameters which have raised depreciation rates above what was requested by the proposing utility.

Response:

The referenced statements are Mr. Robinson's opinion, based upon his informed judgment.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-253 Regarding: Net Salvage Value
Witness: Robinson

Regarding the statement on page 16 of Mr. Robinson's rebuttal testimony where he states that it is "also telling that in most of the listed cases, that the adopted levels of average service life and net salvage were at the original requested level or closer to the requested level as opposed to Mr. Pous' recommendations", please admit that in the recent Progress Energy Florida case in which both Mr. Robinson and Mr. Pous testified that of the 15 mass property accounts contested for net salvage purposes, the Florida commission adopted only one of Mr. Robinson's proposals outright, was closer to Mr. Robinson's than Mr. Pous' proposal for one other account, and for the vast majority of the accounts contested either directly adopted Mr. Pous' recommendation or were closer to Mr. Pous' recommendation than Mr. Robinson's proposal. To the extent Mr. Robinson does not fully admit, provide all support and justification for such position.

Response:

The referenced order of the Florida Commission is a public record, and speaks for itself.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-254 **Regarding: Account 376**
Witness: Robinson

At the top of page 17 of Mr. Robinson's rebuttal testimony, he references consideration of other studies as part of his basis for the life recommendation for Account 376 – Distribution Mains. At this time, identify the specific lives relied upon, clearly identifying the utility, the jurisdiction, the date of such analyses, the docket number, and why that particular value versus other results from other studies were not relied upon.

Response:

As with any depreciation profession, knowledge exists about general lives and dispersions of property. Such information is anecdotally used as a general reference point. To the extent that Company data for which the study is being completed exists, that information takes priority/preference over other company data. If no data exists, then other company data becomes the primary source.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-255 **Regarding: Life Analysis**
Witness: Robinson

Regarding the statement on page 17 of Mr. Robinson's rebuttal testimony that "it was concluded that the use of SPR data would be the more complete file to complete the life analysis" please provide all analyses performed to determine that actuarial results would not produce better life indications. For each analysis performed or each conclusion reached, provide the specific criteria relied upon, as well as all support and justification for all criteria relied upon including all copies of pertinent portions of all authoritative sources. Finally, explain why the Company felt comfortable enough to rely on the actuarial data for calculating the average remaining lives but not for the purpose of determining an average service life and corresponding dispersion pattern. The response should clearly demonstrate why actuarial data is appropriate for calculation of remaining life but not for performing actuarial analyses.

Response:

The SPR data was far more comprehensive than short period of time for which actuarial data was available.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-256 **Regarding: SPR Data**
Witness: Robinson

Regarding reliance on SPR data analysis versus actuarial analysis, please admit that actuarial analysis is the preferred method of life analysis when each type of data is available. Further, identify what Mr. Robinson perceives to be adequate age data such that he anticipates that actuarial data will be used for the life analysis in future depreciation studies. The response should include all support and justification for the level of actual aged data that is required to perform meaningful actuarial analyses, along with all support and justification for the assumed level of data necessary to perform such studies, including documentation from any authoritative source.

Response:

Mr. Robinson did not utilize actuarial analysis in the performance of the company's deprecation study. Given the more recent development of vintage records, it was anticipated that additional detailed analysis would be completed on the actuarial retirement data prior to its use in the life analysis process.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
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MCC-257 **Regarding: Retirements**
Witness: Robinson

Regarding the statement on page 18 of Mr. Robinson's rebuttal testimony that large quantities of retirements are not anticipated shortly after being placed into service, please admit that many other utilities rely on lower sub-script curves for gas life parameters. To the extent Mr. Robinson does not admit that other companies rely on lower sub-script curves, provide all support and justification for such position.

Response:

Without knowing the utilities and studies being referenced in the data request, Mr. Robinson cannot meaningfully respond to this data request.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-258 Regarding: SPR Analysis
Witness: Robinson

Regarding the statement on the bottom of page 18 of Mr. Robinson's rebuttal testimony that his presentation for SPR analysis and actuarial analysis are not inconsistent because he claims that he cannot provide observed life tables for SPR analyses because no such similar report exists, please admit that the output to SPR analyses provides the least sum of squared difference calculation and corresponding average service life for each of the families and subscript of Iowa Survivor curves. Further, admit that the output of the actuarial analysis is an observed life table.

Response:

As a matter of informed judgment, Mr. Robinson disagrees with the assertions set forth in this data request.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-259 Regarding: Account 376
Witness: Robinson

At the bottom of page 19 of Mr. Robinson's rebuttal testimony, he claims that Mr. Pous relies heavily on selected industry data to support his generalized statements for Account 376 – Distribution Mains. At this time, provide all support and justification for Mr. Robinson's claim that Mr. Pous relies "heavily" on selected industry data rather than, as noted in his testimony, review of Mr. Robinson's SPR analyses, independent actuarial analyses, and an understanding of the problems that existed for plastic mains during the 1960s and 1970s. To the extent Mr. Robinson's statement was only based on his opinion without factual support, specifically so state. Otherwise, provide all factual bases for such claim.

Response:

The referenced statements are Mr. Robinson's insight, based upon his participation of various depreciation cases in which Mr. Pous was a participant,

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MCC-260 **Regarding: Service Life Survey**
Witness: Robinson

In regards to the statement on page 20 of Mr. Robinson's rebuttal testimony that 89 gas companies reporting in an earlier service life survey noted that one-third of those companies reported lives in the range of 45 to 52 years, please admit that all such values are a minimum of 15 years old, with many being 25 years old or older. To the extent the response is anything other than a full admission, provide all support and justification for such response.

Response:

The information is the most recently available survey of utility depreciation rates.

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MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-261 **Regarding: Service Life Survey**
Witness: Robinson

Regarding the referenced 89 gas companies reporting in a survey as referenced on page 20 of Mr. Robinson's rebuttal testimony, please admit that the report does not list 89 companies but rather 89 values, with some companies reporting up to eight separate values based on subaccounts. To the extent Mr. Robinson does not fully admit to the noted characterization, provide all support and justification for any contrary position, including the specific name of the utilities and their corresponding average service lives relied upon.

Response:

The testimony should have stated 89 gas company observations covering a variety of different property categories within Gas Mains each with their own estimated depreciation parameters.

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MCC-262 **Regarding: MCC-179**
Witness: Robinson

Regarding the statement on page 20 of Mr. Robinson's rebuttal testimony where he claims Mr. Pous simply ignored the information provided in response to data request MCC-179 as it relates to the types of plastic property that are in use, please provide reference to the specific wording in Mr. Pous' testimony where he states that he ignored such data. If the Company's response is based on Mr. Robinson's opinion of what Mr. Pous did, specifically so state.

Response:

The referenced statements are Mr. Robinson's opinion, based upon his informed judgment.

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MONTANA CONSUMER COUNSEL
MCC DATA REQUEST
DATED JULY 12, 2013
DOCKET NO. D2012.9.100

MCC-263 Regarding: SPR Analysis
Witness: Robinson

Regarding the statements at the bottom of page 20 and the top of page 21 of Mr. Robinson's rebuttal testimony that, in particular for SPR life analysis, a critical factor is the survival characteristics of the property being studied, and since mains are quality high cost property that the life characteristics tend to be more right modal and/or high sub-script curves, please provide the following:

a. **Each account Mr. Robinson considers quality high cost accounts or property;**
b. **A detailed narrative specifically identifying how Mr. Robinson developed his critical factor and how such critical factor resulted in the proposed life-curve combinations proposed for each account;**
c. **Specific reference to where in Mr. Robinson's depreciation study he specifically referenced the critical factor;**
d. **The analysis presented by Mr. Robinson in his depreciation study associated with the critical factor for each account; and**
e. **Any narrative or other specific analysis or reference to the critical factor for each account presented by Mr. Robinson prior to rebuttal.**

Response:

a-e. The referenced statement is Mr. Robinson's experience and long term knowledge, based upon his completion of an extensive quantity of depreciation study analysis. It is logical and rational that companies do not install plant with the expectation that large portions of property would be anticipated to be retired shortly after being placed into service (the characteristic of a left mode or low subscript survival curve).

Clearly there can be exceptions such as circumstances where there are high growth area (causing change out of property), and/or non-age dependent activity such as property impacted by rapid obsolescence and early manufacture discontinuance, vehicular damage, highway relocation, e.g. high growth areas, storm damage of above ground facilities, and improper reporting of retirements.

Such items are not typically the norm for gas mains and services.

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MCC-264 Regarding: SPR Analysis
Witness: Robinson

Also regarding the statements referred to in the previous data request, please provide:

a. **All empirical data that supports the gravitation towards R3 or R4 or higher script curves rather than lower sub-script curves; and**
b. **The number of curves with a sub-script below versus those with a sub-script of 3 or higher as reflected in the EEI/AGA statistics report previously referenced by Mr. Robinson, specifically identifying which has a greater number of reported occurrence for Account 376, as well as for other accounts.**

Response:

Please see Response No MCC-263.

41 of the 89 company observations reported within the AGA Account 376 survey have sub scripts below 3. However many of the previous group have subscripts of 2.5 which would be considered mid-range as opposed to lower subscripts. Even more telling is that nearly 75 percent of the 41 companies are located in the North and South Atlantic regions that are far more populated with areas of high growth that impacts potential early retirements. Many of the remaining 41 observations with below 3 subscripts are located in the North Central area which includes various operating companies around Chicago, etc. Far fewer observations are for operating areas in the more rural areas.

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MCC-265 **Regarding: Retirements**
Witness: Robinson

Regarding the statement at the bottom of page 21 of Mr. Robinson's rebuttal testimony that the ongoing level of retirements does have an impact on life achieved by property group, please identify where in the Company's depreciation study or in Mr. Robinson's direct testimony or in response to discovery that the Company provided the specific ongoing levels of retirement activity that it now claims have an impact on life achieved by the property group. Further, to the extent such information was not previously provided, explain why Mr. Robinson could not have provided such information given that the Company did not file its case until late 2012.

Response:

Such information was not requested.

MONTANA-DAKOTA UTILITIES CO.
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MCC DATA REQUEST
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MCC-266 **Regarding: Account 376**
Witness: Robinson

Regarding Mr. Robinson's statement on page 22 of his rebuttal testimony that under emergency conditions mains are typically repaired and not replaced with cost being charged to maintenance expense, please identify the number of emergency situations capital replacement costs were incurred by year for the past 10 years for Account 376, as well as the dollar level of retirement activity and cost of removal associated with such activity, by year. Further, provide supporting documentation clearly demonstrating the actual level of emergency-related retirement activity. Finally, provide all documentation that supports Mr. Robinson's claim that replacement activity under emergency conditions would be "de minimis".

Response:

The referenced statements are Mr. Robinson's opinion, based upon his informed judgment.

Operating personnel indicate that emergency gas activities are routinely maintenance items. Any major work is typically performed under detailed projects at a later point in time. Gas projects are different from above ground utility facilities such as electric transmission and distribution property.

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MCC-267 Regarding: Negative Net Salvage
Witness: Robinson

Regarding the statement made by Mr. Robinson on page 23 of his rebuttal testimony that "given consideration that over the longer term, the negative net salvage will likely increase", please provide the following:

a. **A detailed narrative of what constitutes consideration by Mr. Robinson in this particular instance;**

b. **All numerical or quantifiable aspects of the consideration given by Mr. Robinson, along with all supporting documentation;**
c. **Why Mr. Robinson believes net salvage percentage will likely increase given his prior statements regarding trends in the data and the fact that the data since 2003 has been trending to a less negative level; and**
d. **All criteria relied upon by Mr. Robinson to determine that only a 10 percentage point reduction in negative net salvage represents a modest reduction and why a 20 to 30 percent reduction would not also be a modest reduction given the Company actual historical net salvage levels for the period through 2008.**

Response:

a-d. Please see Response No.MCC-251, Attachment A for a life statistics analysis for MDU's depreciable common plant. The Attachment identifies the average age of retirements for the Company's actuarial plant accounts. As can be seen in reviewing the average age of retirements for Account 390 the aggregate retirement age is 16.7 years as opposed to the estimated average service life of 35 years for the property group.

This occurrence is essentially universal across nearly all property accounts within operating utilities. Exceptions to the occurrence are for property groups that experience very short average service lives and have high mode R curves such as Transportation-Vehicles that experience more limited mortality dispersions.

For property groups studied via the simulated method specific aged retirements are not available.

As noted in previous data request responses and testimony

> "The estimated future net salvage percent for each property group gives consideration to the overall average, recent experience, and

Response No. MCC-267 (cont.)

> forecast analysis. The estimation process is one of gradualism towards more future looking calculations which is more representative of the future net salvage that can be anticipated at end of life of the property group."

The process is not one of arithmetical calculations, but generally gives the greatest weight to the experience of the most recent 5-10 year period, as well as reviewing overall historical experience and the forecast net salvage results.

The occurrence of retirements at average ages significant younger than average service life mandates that overall future retirements from the various property group will need to occur at far older ages for the overall property group to achieve its average service life. Given that net salvage is associated to a large degree with increasing labor costs, such costs increase over time. At the present time specific identification of such increased cost is unknown, but it is reasonable to acknowledge that such increases will occur. The net salvage forecast is a method used to estimate such increased cost. In general terms no specific adjustment was incorporated into the future net salvage estimate for the future occurrences. As previously stated, this factor along with the review of the range of data is the basis for giving increased consideration to more recent experience in the estimation of future net salvage percents.

With the passage of time since the depreciation study was perform, the actual data for the years 2009 through 2012 reinforces the net salvage estimate underlying the proposed depreciation rate. Any such further reduction of the net salvage percent, given the longer term expectancy as discussed would be inappropriate and unreasonable. It is likewise irrational to limit data information to the period through 2008 when the regulatory proceeding is occurring during 2013.

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MCC-268 Regarding: Cost of Removal
Witness: Robinson

Regarding the statements at the top of page 28 of Mr. Robinson's rebuttal testimony that the New York Public Service Commission artificially caps the level of cost of removal to be recorded in the depreciation reserve, please provide the following:

a. **Documentation that the New York Public Service Commission artificially caps the level to be recorded;**
b. **The companies to which the New York Public Service Commission has applied such standard; and**
c. **Whether RG&E is one of the companies referenced and if so, provide specific documentation supporting such position and the cap level applied for Accounts 376, 380, and 381.**

Response:

a. Following are excerpts from my direct testimony related to depreciation in Case 06-G1332 CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. GAS which identifies the use of artificial net salvage caps in conjunction with cases before the New York Public Utility Commission.

DIRECT TESTIMONY OF
EARL M. ROBINSON

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to set forth the results of my review and analysis of the plant in service of Consolidated Edison Company of New York, Inc.-Gas ("Con Edison" or the "Company"), which I conducted in the process of preparing a depreciation study of the Company's plant in service assets as of December 31, 2003.

Q. HAS THE COMPANY ASKED YOU TO MAKE CERTAIN MODIFICATIONS TO YOUR ORIGINALLY PROVIDED DEPRECIATION STUDY REPORT?

A. ".....In addition, my original depreciation study report proposed revised (more negative) net salvage factors for the Company's Mains and Services accounts than the level included in the current study. The original recommended

Response No. MCC-269 (cont.)

net salvage parameters were based upon an analysis of the Company's experience to date along with consideration of anticipated future events. Historically, in conjunction with the completion of prior depreciation studies and filings, the Company has used artificially "capped" (from a capital recovery perspective) negative net salvage factors.

Cast Iron Mains were capped at negative one hundred (100) percent, Steel Mains were capped at negative sixty (60) percent, and Services were capped at negative thirty (30) percent. Notwithstanding the completion of the additional analysis and documentation supporting my original net salvage proposals for these property categories, the Company requested me to develop proposed depreciation rates via the continued use of the negative net salvage caps.

b. Please Response No. MCC-268a.

c. The requested information is unknown.

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MCC-269 **Regarding: Account 380**
Witness: Robinson

Regarding the statement on page 26 of Mr. Robinson's rebuttal testimony that his proposed -160% value for another company "is not significantly less than MDU's current percentage", please identify whether Mr. Robinson considers the difference between the -160% and his proposed -200% for Account 380 to be significant, and if not, why not.

Response:

Certainly the difference between -160% and -200% is 40 percent but it is considerable closer than the negative 25 percent that Mr. Pous was referencing.

Far more important is that the depreciation parameters for each company study is based upon data for the company being studied, as opposed to using results from another none related entity. The exception to the process would be where no company specific data is available, and then other sources of data would be considered. Each company stands on its own merits.

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MCC-270 **Regarding: Net Salvage**
Witness: Robinson

Regarding Mr. Robinson's statement on page 26 of his rebuttal testimony that it is "irrational to think that one can propose a net salvage rate for a company by simply selecting a net salvage percentage from another study proposed at the same time period", please state if Mr. Robinson is claiming that Mr. Pous based his net salvage value for Account 380 in this case "by simply selecting a net salvage percentage from another study." To the extent Mr. Robinson believes Mr. Pous' selection is based on his selection of a value from another company, specifically identify the reference in Mr. Pous' testimony. To the extent Mr. Robinson believes Mr. Pous' selection for this account was based substantially on negative net salvage from other studies, please so state and provide all support and justification for such position. Finally, to the extent the statement is not made in reference to Mr. Pous' testimony, specifically so state.

Response:

The referenced statements are Mr. Robinson's opinion, based upon his informed judgment.

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MONTANA CONSUMER COUNSEL
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MCC-271 Regarding: Account 380
Witness: Robinson

Regarding the statements made on page 26 of Mr. Robinson's rebuttal testimony that Mr. Pous' comparisons with Mr. Robinson's prior proposals for Account 380 are irrational, please identify each specific factor that is significantly different between each of the utilities Mr. Robinson performed his other depreciation studies for compared to MDU and provide supporting documentation that demonstrates that those differences account for the much lower level of negative net salvage Mr. Robinson has recommended for all other studies performed during the past five years compared to MDU's proposal.

Response:

The depreciation parameters for each company study is based upon data for the company being studied, as opposed to using results from another none related entity. The exception to the process would be where no company specific data is available, and then other sources of data would be considered. Each company stands on its own merits.

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MCC-272 **Regarding: Account 380**
Witness: Robinson

Regarding the statement at the bottom of page 26 of Mr. Robinson's rebuttal testimony that the net salvage data for Account 380 is clear and empirical, please provide a clear and empirical derivation of Mr. Robinson's proposed 200% negative net salvage showing each step of how he arrived at his ultimate results such that it is clear and empirical that a negative 210%, 190%, 180%, or 175% are not appropriate.

Response:

The company's historical net salvage experience has been consistently growing more negative over the history of the property group. Starting with the 3 year rolling average 1992-1993 at approximately negative 32 percent the net salvage increased to negative 243% for the period 2006-2008. Consist with the process of estimating net salvage, with greater weight being place on more recent experience negative 200% net salvage was estimated for the property group. Information provided with Rebuttal Exhibit EMR-4 further supports the estimated negative 200% net salvage included in developing the proposed depreciation rate.

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MCC-273 **Regarding: Account 381**
Witness: Robinson

Regarding the statement at the bottom of page 27 of Mr. Robinson's rebuttal testimony claiming that the specific basis for the net salvage for Account 381 is set forth in response to PSC-099, please identify the specific references to the information associated with Account 381 that specifically resulted in Mr. Robinson's -15% net salvage. Moreover, regarding the claim that in recent years though the Company has routinely experienced in excess of -15% net salvage, please identify how many years during the past seven years (2002-2008) the Company experienced in excess (more negative) of -15% net salvage. Finally, specifically identify all information that was presented in the depreciation study, Mr. Robinson's testimony, and/or responses to data requests which demonstrates and supports that the Company anticipates continued negative net salvage for this account. To the extent no specific analyses were presented to support the Company's anticipation for Account 381 other than Mr. Robinson's estimation of future inflation, then specifically so state.

Response:

The entire net salvage data base was provided in Response No. MCC-135. In addition, Section 7 of the depreciation study contains the entire annual and three year rolling average analysis.

Page 7-32 of the depreciation study (Exhibit EMR-1) contains the results of the 3-year rolling average experience analysis for Account 381-Meters. With the 3-year bands starting in 2000 various of the periods experienced net salvage in the range of negative 15 percent or greater. Furthermore Rebuttal Exhibit EMR-4 identifies that the negative net salvage has continued through 2012

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MCC-274 **Regarding: Account 381**
Witness: Robinson

Regarding the statements made on the bottom of page 28 of Mr. Robinson's rebuttal testimony as it applies to the several factors that can contribute to negative net salvage for Account 381, please provide the number of customers served by the Company that are separated by "some distance," assuming that some distance implies a half-mile or greater and if that distance is appreciably different than what Mr. Robinson had in mind, identify the "some distance" Mr. Robinson had in mind and the information based on that value. Further, provide the number of meters retired by year for the past 10 years for customers that exceeded the "some distance" reference by Mr. Robinson. Finally, specifically identify where in Mr. Robinson's testimony, depreciation study, or responses to discovery he specifically enumerated the concept that "some distance" was a meaningful contributing factor to the negative net salvage recommended.

Response:

The rebuttal testimony is as follows and is self-explanatory:

> "Several factors **can** contribute to the negative salvage for Account 381-Meters. First, the Company's customers are often spread of some distance from the Company's operating base and, as such, given that activity relative to various customer meters are spread out some potential distance, the Company experiences travel cost with the retirement/removal of property. Secondly, the Company uses Account 381-Meters to capture the cost for both Meters and Meter Installations. The work effort relative to the retirement/removal of a meter set/installations is typically more work intensive than simply disconnecting and removing the meter from its setting."

The requested information concerning the number of customers is unknown. Notwithstanding, the majority of the Company's customers would be more separated by Mr. Pous' referenced half-mile distance.

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MCC-275 **Regarding: Disconnecting and Removing Meters**
Witness: Robinson

Regarding the statements made at the bottom of page 28 and continuing at the top of page 29 of Mr. Robinson's rebuttal testimony that the typical cost to remove a meter set/installation is typically more work intensive than simply disconnecting and removing the meter from its setting, please provide a detailed narrative of what additional work Mr. Robinson is referring to, the cost of such additional work, the cost of the typical work of disconnecting and removing the meter, as well as the separation of such cost categories by year reflected in the Company's historical data for 2008 through 2012.

Response:

It is simply a statement of fact. To remove a meter requires unscrewing 2 nuts from the Meter setting. Removing a Meter Setting requires the removal of piping associated with the property which clearly requires more removal effort.

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MCC-276 **Regarding: Specific Responses**
Witness: Robinson

Regarding the statement in the middle of page 29 of Mr. Robinson's rebuttal testimony where he claims that Mr. Pous "simply ignored the specific responses that were provided", please specifically reference where in Mr. Pous' testimony he made such statement. To the extent the statement represents Mr. Robinson's opinion not based on any specific statements admitting such actions by Mr. Pous, then simply so state.

Response:

Mr Robinson's testimony states:

> "Mr. Pous submitted a data request relative to the Company historical information of this account and then simply ignored the specific responses that were provided."

It is a statement by Mr. Robinson referencing the event that transpired.

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MCC-277 Regarding: Retirements
Witness: Robinson

Regarding the example set forth at the bottom of page 32 of Mr. Robinson's rebuttal testimony, please provide the following:

a. **Admit that Mr. Robinson did not assign a higher value to the structure than he has to the annual retirements assumed for components such as roofs, A/C systems, etc. in his example. To the extent Mr. Robinson does not fully admit to such situation, provide all support and justification for any contrary position;**

b. **Admit that Mr. Robinson's example does not recognize that a greater proportion of the investment in the account is associated with the structure of the building rather than its components and that the structure will have a much longer life than the individual components such as roofs, air conditioning systems, etc. as referenced in the question at the top of page 32 of his rebuttal testimony. To the extent Mr. Robinson does not fully admit to such situation, provide all support and justification for any contrary position;**

c. **Admit that Mr. Robinson's example assumes annual retirements will be of an equal level and requires the overall life to be adjusted (10 years to 20 years) in order to calculate the results. To the extent Mr. Robinson does not fully admit to such situation, provide all support and justification for any contrary position, and;**

d. **Admit that the average service life for a $1,000 investment with $800 of the investment being associated with the structural steel component of the building complex being retired in the 10th year with the remaining $200 retired evenly in the 8th and 9th years would result in a much higher average service life than Mr. Robinson's assumed $100 equal retirement level at each year for the first 10 years.**

Response:

a -d. The additional provided statements on page 29 to 35 of Mr. Robinson's rebuttal as well as Rebuttal Exhibit EMR-6 are further discussions and historical analysis supporting the recommended service life parameters for Common Plant Account 390.

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Response No. MCC-278 (cont.)

Mr. Robinson's model Exhibit EMR-6 was developed in response to Mr. Pous' general comments concerning 2 building components and the resulting general life. Exhibit ERM-6 is a far more comprehensive depreciation weighting calculation versus that of Mr. Pous' unsupported simple weighting of 2 building components.

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MCC-278 Regarding: Building Components
Witness: Robinson

Regarding the statements on page 33 of Mr. Robinson's rebuttal testimony applicable to the value and assumed life for building components, please provide the following:

a. **All support and justification, including all documentation, associated with the statement that the fit and finish of a structure at 30% is extremely low;**
b. **Identification and corresponding cost of the mechanical components of a building;**
c. **Identification and corresponding cost of the electrical components of a building;**
d. **A detailed description and corresponding cost of the interior components of the building (drywall partitions, framing, etc.); and**
e. **All support and justification for the claim that a reasonable range for the superstructure portion of an office building would be 60 years, specifically addressing superstructures made of steel.**

Response:

a-e. Please see Response No. MCC-281.

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MCC-279 **Regarding: Building Components**
Witness: Robinson

Also regarding the statements referred to in the previous data request, please provide:

a. **All support and justification for the claim that mechanical components of buildings will last for only 20 years;**
b. **All support and justification for the claim that electrical components of buildings will last for only 20 years; and**
c. **How often does the Company change out all its electrical components within an office building, along with all support and justification for the frequency of changing out entire electrical systems of a building.**

Response:

a-c. Please see Response No. MCC-281.

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MCC-280 **Regarding: PSC-099**
Witness: Robinson

Regarding the statements made on the bottom of page 34 of Mr. Robinson's rebuttal testimony where he quotes a portion of the response to PSC-099, please provide all support and justification for the assumption that the buyer would likely be purchasing the underlying land as opposed to the outdated superstructure, especially given the fact that the Company also states in such response that from time to time routine rehabilitations to the interior of the building will have been made. Further, based on claimed updating of the interior of the building and building superstructures being made of steel, please provide all actual support and justification for the claim that anticipated sales proceeds will be exceeded by cost of removal in situations where the sale of the facility is made rather than the demolition of the facility.

Response:

At the present time no specific plans exist with regard to the referenced building. The referenced statement is a rational assumption given that a firm desiring an office building in the downtown area would likely seek a facility that is designed to meet its specific space and service requirements. In contrast, Mr. Pous' inference is that the deposal of the building would generate a significant level of salvage for which there is great uncertainty.

General utility industry experience, with regard to Account 390-General Structures, is that the property group produces little, if any, salvage at end of life. Average net salvage percents across the electric and gas industry as well as for Common plant, as reported in the AGA/EEI depreciation survey, ranges from negative 2 to negative 3 percent.

Given a lack of specific plans, at least for the near to midterm, it is likely that the Company will continue to use and rehab the building to meet its needs. Such a scenario would require ongoing upgrades and related high levels of cost of removal (negative net salvage) to keep the building current.

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MCC-281 Regarding: Account 390
Witness: Robinson

Regarding the statement at the top of page 35 of Mr. Robinson's rebuttal testimony that Mr. Pous ignored the detailed responses regarding salvage associated with Account 390 – Common Plant Structures and Improvements and continued to complain about only receiving generalized statements, please identify where in the response the Company provided specific items of information, not what it "anticipated", for what will occur with its investment in Account 390 (e.g., there is no possibility that it will sell its corporate office building in the future and will instead demolish it, that if someone buys the building in the future that it will only be purchasing the underlying land, etc.)

Response:

The analysis of the company's historical data clearly supports the corrected life and curve of an Iowa 37-R3 life and curve. The additional provided statements on page 29 to 35 of Mr. Robinson's rebuttal as well as Rebuttal Exhibit EMR-6 are further discussions and historical analysis supporting the recommended service life parameters for Common Plant Account 390.