

Northern Utilities, Inc.
Combination Gas and Electric Company Fundamental Characteristics

No.	Company	(1)	(2)	(3)		(4) Capital Structure (2012)		
		% Regulated Revenue	S&P Issuer Bond Rating	Credit Rating		Common Eq Ratio	L-T Debt Ratio	Pfd Stock Ratio
				S&P	Moody's			
1	Alliant Energy Co.	96.5%	A-	A-	A2/A3	49.5%	47.0%	3.5%
2	Avista Corp.	93.2%	BBB	A-	A3	48.0%	52.0%	0.0%
3	Black Hills Corp	90.7%	BBB-	BBB+	A3	53.0%	47.0%	0.0%
4	CMS Energy Corp.	96.2%	BBB-	BBB/BBB-	Baa2	33.5%	66.0%	0.5%
5	Con. Edison	90.1%	A-	A-	A3/Baa1	54.0%	46.0%	0.0%
6	DTE Energy Co.	75.2%	BBB+	A	A2	49.5%	50.5%	0.0%
7	Duke Energy	82.0%	BBB+	A-	A3	52.9%	47.0%	0.1%
8	Empire District	98.8%	BBB-	BBB+	A3	54.5%	45.5%	0.0%
9	Integrus Energy	70.3%	A-	A-	A2/A3	60.5%	38.5%	1.0%
10	Northeast Utilities	98.0%	A-	A-	A3	54.0%	45.0%	1.0%
11	NorthWestern	99.9%	NR	A-	A2	46.5%	53.5%	0.0%
12	NV Energy, Inc.	100.0%	BBB-	BBB	Baa1	43.0%	57.0%	0.0%
13	Pepco Holdings	86.2%	BBB+	A-/BBB+	Baa1/Baa2	51.0%	49.0%	0.0%
14	SCANA Corp.	77.1%	BBB+	BBB+	Baa1/Baa2	45.0%	55.0%	0.0%
15	Sempra Energy	72.3%	BBB+	A/A-	A2	47.0%	52.5%	0.5%
16	Teco Energy, Inc.	79.3%	BBB+	BBB+	A3	44.0%	56.0%	0.0%
17	UIL Holdings Co.	100.0%	BBB	BBB	Baa2	42.0%	58.0%	0.0%
18	UNS Energy Corp.	82.8%	NR	BBB-	Baa2	31.0%	69.0%	0.0%
19	Wisconsin Energy	97.9%	A-	A-/BBB+	A2/A3	45.5%	54.0%	0.5%
20	Xcel Energy Inc.	99.3%	A-	A-	A3	46.5%	53.5%	0.0%
	Average	89.3%	BBB+	A-/BBB+	A3/Baa1	47.5%	52.1%	0.4%

Column Sources:

(1) Most recent company 10-Ks.

(2) www.standardandpoors.com

(3) AUS Utility Reports, March 2013. Generally, most secure bond ratings for each company.

(4) Value Line Investment Survey, Electric Utility (East), Feb 22, 2013; (Central), Dec 21, 2012; (West), Feb 1, 2013.

Northern Utilities, Inc.
Comparable Companies Revenue Stabilization Mechanisms
Combination Gas and Electric Companies

No.	Comparable Company	% Regulated		Operating Company	Jurisdiction	Elec	Gas	Revenue Stabilization Mechanisms (See page 4 for Glossary)	Comment
		Elec	Gas						
1	Alliant Energy Co.	71.9%	13.0%	Interstate Power & Light	IA	X		FAC,EE,ENV,T,FF	
					IA		X	PGA,EE,FF	
				Wisconsin Power & Light	WI	X		FAC,EE,RR	
					WI		X	PGA	
2	Avista Corp.	61.0%	33.8%	Avista Utilities	WA	X		FAC,EE,RR,FF	
					WA		X	PGA,EE,FF,DCPL	
3	Black Hills Corp.	47.2%	43.6%	Black Hills Power	SD	X		FAC,EE,ENV,T,RR,DCPL	
				Cheyenne Light	WY	X		FAC,EE,T,FF	
					WY		X	PGA,EE,FF	
				Colorado Electric	CO	X		FAC,EE,T,RR,FF	
				Black Hills Energy	KS		X	PGA,UA,DCPL	
4	CMS Energy Corp.	60.2%	36.0%	Consumers Energy	MI	X		FAC,RR,UA,DCPL	
					MI		X	PGA,EE,DCPL	
5	Con. Edison	74.2%	13.4%	Con. Edison Co. of New York	NY	X		FAC,UA,PEN,DCPL	
					NY		X	PGA,WNA,DCPL	
6	DTE Energy Co.	57.9%	16.9%	Detroit Edison	MI	X		FAC,EE,RR,DECOM,LC,FF,DCPL	
				MichCon	MI		X	PGA,ENV,UA,DCPL	
7	Duke Energy	79.6%	2.4%	Duke Energy Carolinas	NC	X		FCA,EE,RR	
				Carolina Power & Light	SC	X		FAC,ENV,EE,FF	
				Florida Power Corp	FL	X		FAC,EE,ENV,FF	
				Duke Energy Ohio	OH	X		FAC,LC,FF,SB,UA,T,CC,EE,DCPL	Capital Cost Tracker
				Duke Energy Ohio	OH		X	PGA,FF,CC,UA	Capital Cost Tracker
				Duke Energy Indiana	IN	X		FCA,ENV,EE,RR	
8	Empire District	91.7%	7.2%	Empire District Electric Co.	MO	X		FAC	
				Empire District Gas Co.	MO		X	PGA,FF	
9	Integrus Energy	27.8%	42.2%	Wisconsin Public Service	WI	X		FAC,DCPL	
					WI		X	PGA,DCPL	
				Peoples Gas, North Shore Gas	IL		X	PGA,EE,ENV,UA,DCPL	
				Upper Peninsula Power Co	MI		X	PGA,DCPL	
10	Northeast Utilities	88.9%	9.1%	Connecticut Light & Power Co.	CT	X		FAC,GSC,SB,RR,EE,T	
				NSTAR Electric	MA	X		FAC,GSC,CC,PEN,LIA,EE,UA,T,RR,DCPL	Capital Cost Tracker
				Public Service Co. of NH	NH	X		FAC,T,SB,FF	
				Western Mass Electric Co	MA	X		LIA,PEN,FF,EE,RR,LC,T,DCPL	
				NSTAR Gas	MA		X	PGA,CC,EE,ENV,PEN,LIA,UA,DCPL	Capital Cost Tracker
				Yankee Gas	CT		X	PGA,EE	

Northern Utilities, Inc.
Comparable Companies Revenue Stabilization Mechanisms
Combination Gas and Electric Companies

No.	Comparable Company	% Regulated		Operating Company	Jurisdiction	Elec	Gas	Revenue Stabilization Mechanisms (See page 4 for Glossary)	Comment
		Elec	Gas						
11	NorthWestern	75.3%	24.6%	NorthWestern Energy	MT	X		FAC,FF,T,SB	
				NorthWestern Energy	MT		X	PGA,FF,T,SB	
12	NV Energy, Inc.	96.4%	3.6%	Nevada Power Co.	NV	X		FAC,RR,EE	
				Sierra Pacific Power Co.	NV	X		FAC,EE,RR,FF	
				Sierra Pacific Power Co.	NV		X	PGA,RR,FF	
13	Pepco Holdings	74.7%	3.9%	Pepco	MD	X		FAC,LIA,FF,ENV,DCPL	
				Pepco	DC	X		FAC,LIA,FF,RR,DCPL	
				Delmarva Power & Light	DE	X		FAC,T,RR,ENV,LIA	
					DE		X	PGA,FF,ENV	
				Atlantic City Electric	NJ	X		FAC,CC,FF,UA,EE,LIA,T	Capital Cost Tracker
14	SCANA Corp.	55.0%	19.3%	South Carolina E&G	SC	X		FAC,CC,ENV,EE,FF,DCPL	Capital Cost Tracker
					SC		X	PGA,FF,DCPL	
				Public Service Co. of North Carolina	NC		X	PGA,DCPL	
15	Sempra Energy	33.6%	38.0%	SDG&E	CA	X		FAC,EE,RR,DECOM,FF,PEN,DCPL	
					CA		X	PGA,DCPL	
16	Teco Energy, Inc.	60.4%	13.5%	Tampa Electric	FL	X		FAC,EE,ENV,FF	
				Peoples Gas System	FL		X	PGA,EE	
17	UIL Holdings Co.	71.9%	9.6%	United Illuminating	CT	X		FAC,T,DCPL	
18	UNS Energy Corp.	50.8%	49.2%	Tucson Electric Power	AZ	X		FAC,EE,RR,FF	
				UNS Gas	AZ		X	PGA,EE,DCPL	
19	Wisconsin Energy	71.6%	26.3%	Wisconsin Electric	WI	X		FAC,EE,RR	
				Wisconsin Gas	WI		X	PGA	
20	Xcel Energy Inc.	82.3%	17.0%	NSP-Minnesota	MN	X		FAC,EE,ENV,T,RR,FF	
					MN		X	PGA,EE	
				NSP-Wisconsin	WI	X		FAC,RR	
					WI		X	PGA	
				PSC Colorado	CO	X		FAC,EE,T,RR,FF	
					CO		X	PGA,LIA,CC	Capital Cost Tracker
				Southwestern Public Service	TX	X		FAC,EE,T,FF	
	Summary of Results			Cos with Capital Cost Trackers				5	
				Total Holding Companies	20				

Source: Company Tariffs; Company 10-K's.

Northern Utilities, Inc.
Comparable Companies Revenue Stabilization Mechanisms

Glossary of Mechanisms	
AMS	Advanced Metering System
CC	Capital Costs (i.e. infrastructure replacement, system integrity expenditures, new plant investment)
DCPL	Decoupling Mechanism (i.e. weather normalization adjustments, straight fixed variable rate design, lost revenues or margins associated with energy efficiency programs)
DECOM	Nuclear Decommissioning
EE	Energy Efficiency Program Costs (and conservation program costs)
ENV	Environmental
FAC	Fuel Adjustment Clause (includes Supply Charges, Purchased Power)
FF	Franchise Fees (also gross receipts, occupational, licenses, or other taxes imposed by cities)
GSC	Generation Services Component (as part of unbundled distribution rate)
LC	Line Clearing (or storm fund)
LIA	Low Income Assistance
PGA	Purchased Gas Adjustment Clause
PEN	Pension and Other Postretirement Costs
RR	Renewable Resources
SB	Societal Benefits (universal service, customer education, etc)
T	Transmission
UA	Uncollectible Accounts (i.e. bad debts)
WNA	Weather Normalization Adjustment

Northern Utilities, Inc.
Gas Distribution Company Fundamental Characteristics

No.	Company	(1)	(2)	(3)		(4)		
		% Regulated	S&P Issuer	Credit Rating		Capital Structure (2012)		
		Revenue	Bond Rating	S&P	Moody's	Common Eq Ratio	L-T Debt Ratio	Pfd Stock Ratio
1	AGL Resources	69.1%	BBB+	A-	A1/A2	50.5%	49.5%	0.0%
2	Atmos Energy Corp.	65.1%	BBB+	BBB+	Baa1	54.7%	45.3%	0.0%
3	Laclede Group	67.8%	A	A	A2	64.0%	36.0%	0.0%
4	NiSource Inc.	68.5%	BBB-	BBB-	Baa2	43.5%	56.5%	0.0%
5	N.W. Nat'l Gas	95.8%	A+	A+	A1	53.0%	47.0%	0.0%
6	Piedmont Nat'l	100.0%	A	A	A3	51.3%	48.7%	0.0%
7	South Jersey Inds.	59.6%	NR	A	A2	56.0%	44.0%	0.0%
8	Southwest Gas	68.6%	BBB+	BBB+	Baa1	50.8%	49.2%	0.0%
	Average	74.3%	A-/BBB+	A-	A3	53.0%	47.0%	0.0%

Column Sources:

(1) Most recent company 10-Ks.

(2) www.standardandpoors.com

(3) AUS Utility Reports, March 2013. Generally, most secure bond ratings for each company.

(4) Value Line Investment Survey, Natural Gas Utility, Mar 8, 2013.

Northern Utilities, Inc.
Comparable Companies Revenue Stabilization Mechanisms
Gas Distribution Companies

No.	Comparable Company	% Regulated		Operating Company	Jurisdiction	Elec	Gas	Revenue Stabilization Mechanisms (See page 3 for Glossary)	Comment
		Elec	Gas						
1	AGL Resources	0.0%	69.1%	Nicor Gas	IL		X	PGA,UA,EE,RR,FF,ENV	
				Atlanta Gas Light	GA		X	ENV,FF,SB,CC,DCPL	Capital Cost Tracker
2	Atmos Energy Corp.	0.0%	65.1%	Mid-Tex Division	TX		X	PGA,UA,CC,FF,DCPL	Capital Cost Tracker
3	Laclede Group	0.0%	67.8%	Laclede Gas	MO		X	PGA,CC	Capital Cost Tracker
4	NiSource Inc.	23.7%	48.5%	Columbia Gas	OH, MA, VA		X	PGA,CC,UA,FF,DCPL	Capital Cost Tracker
				Northern Indiana Public Service Co	IN	X		FAC,EE,ENV,T	
					IN		X	PGA,EE,DCPL	
5	N.W. Nat'l Gas	0.0%	92.8%	NW Natural	OR		X	PGA,EE,PEN,AMS,CC,ENV,DCPL	Capital Cost Tracker
6	Piedmont Nat'l	0.0%	100.0%	Piedmont Natural Gas Co	NC		X	PGA,DCPL	
				Piedmont Natural Gas Co	SC		X	PGA,DCPL	
7	South Jersey Inds.	0.0%	59.6%	South Jersey Gas	NJ		X	PGA,CC,SB,ENV,RR,EE,DCPL	Capital Cost Tracker
8	Southwest Gas	0.0%	74.4%	Southwest Gas	NV, CA, AZ		X	PGA,FF,UA,DCPL	
	Summary of Results			Cos with Capital Cost Trackers				6	
				Total Holding Companies	8				

Source: Company Tariffs; Company 10-K's.

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EE	Energy Efficiency Program Costs (and conservation program costs)
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Northern Utilities, Inc.
Historical Capital Market Costs

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Prime Rate	4.1%	4.3%	6.2%	8.0%	8.1%	5.1%	3.3%	3.3%	3.3%	3.3%
Consumer Price Index	2.0%	3.3%	3.3%	2.5%	4.1%	0.0%	2.8%	1.4%	3.0%	1.7%
Long-Term Treasuries	5.0%	5.1%	4.7%	4.9%	4.8%	4.3%	4.1%	4.3%	3.9%	2.9%
Moody's Avg Utility Debt	6.6%	6.2%	5.7%	6.1%	6.1%	6.7%	6.3%	5.6%	5.1%	4.3%
Moody's Baa Utility Debt	6.8%	6.4%	5.9%	6.3%	6.3%	7.2%	7.1%	6.0%	5.6%	4.9%

SOURCES:

Prime Interest Rate - Federal Reserve Bank of St. Louis website

Consumer Price Index For All Urban Consumers: All Items (Seasonally Adjusted, December to December) - Federal Reserve Bank of St. Louis website

Long-Term Treasuries - Federal Reserve Bank of St. Louis website; 30-year Treasury bonds 2001 and 2007-2012; 20-year Treasury bonds 2002-2006

Moody's Average Utility Debt - Moody's (Mergent) Bond Record

Moody's Baa Utility Debt - Moody's (Mergent) Bond Record

Northern Utilities, Inc.
Long-Term Interest Rate Trends

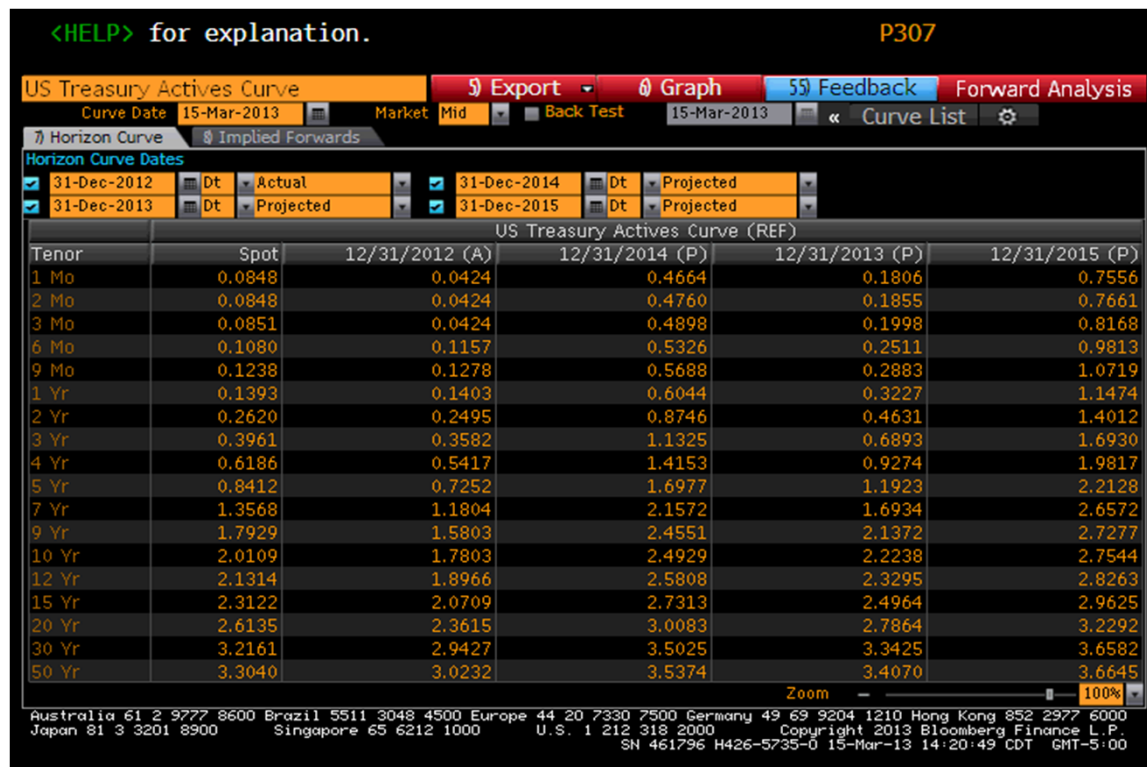
Month	Triple-B Utility Rate	30-Year Treasury Rate	Triple-B Utility Spread
Mar-10	6.22	4.64	1.58
Apr-10	6.19	4.69	1.50
May-10	5.97	4.29	1.68
Jun-10	6.18	4.13	2.05
Jul-10	5.98	3.99	1.99
Aug-10	5.55	3.80	1.75
Sep-10	5.53	3.77	1.76
Oct-10	5.62	3.87	1.75
Nov-10	5.85	4.19	1.66
Dec-10	6.04	4.42	1.62
Jan-11	6.06	4.52	1.54
Feb-11	6.10	4.65	1.45
Mar-11	5.97	4.51	1.46
Apr-11	5.98	4.50	1.48
May-11	5.74	4.29	1.45
Jun-11	5.67	4.23	1.44
Jul-11	5.70	4.27	1.43
Aug-11	5.22	3.65	1.57
Sep-11	5.11	3.18	1.93
Oct-11	5.24	3.13	2.11
Nov-11	4.93	3.02	1.91
Dec-11	5.07	2.98	2.09
Jan-12	5.06	3.03	2.03
Feb-12	5.02	3.11	1.91
Mar-12	5.13	3.28	1.85
Apr-12	5.11	3.18	1.93
May-12	4.97	2.93	2.04
Jun-12	4.91	2.70	2.21
Jul-12	4.85	2.59	2.26
Aug-12	4.88	2.77	2.11
Sep-12	4.81	2.88	1.93
Oct-12	4.54	2.90	1.64
Nov-12	4.42	2.80	1.62
Dec-12	4.56	2.88	1.68
Jan-13	4.66	3.08	1.58
Feb-13	4.74	3.17	1.57
3-Mo Avg	4.65	3.04	1.61
12-Mo Avg	4.80	2.93	1.87

Sources: Mergent Bond Record (Utility Rates); www.federalreserve.gov (Treasury Rates).

Monthly averages are for the respective periods ending February 2013.

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Northern Utilities, Inc.
Interest Rate Forecast from Forward Price Curves



Northern Utilities, Inc.
GDP Growth Rate Forecast

	Nominal GDP	% Change	GDP Price Deflator	% Change	CPI	% Change
1952	371.4		16.1		26.7	
1953	375.9	1.2%	16.2	0.8%	26.9	0.6%
1954	389.4	3.6%	16.4	0.8%	26.8	-0.4%
1955	426.0	9.4%	16.8	2.6%	26.9	0.4%
1956	448.1	5.2%	17.4	3.3%	27.6	2.8%
1957	461.5	3.0%	17.8	2.7%	28.5	3.0%
1958	485.0	5.1%	18.3	2.5%	29.0	1.8%
1959	513.2	5.8%	18.4	0.9%	29.4	1.5%
1960	523.7	2.0%	18.7	1.4%	29.8	1.4%
1961	562.6	7.4%	18.9	1.1%	30.0	0.7%
1962	593.3	5.5%	19.2	1.3%	30.4	1.2%
1963	633.5	6.8%	19.4	1.4%	30.9	1.6%
1964	675.6	6.6%	19.7	1.5%	31.3	1.2%
1965	747.5	10.6%	20.1	2.0%	31.9	1.9%
1966	806.9	7.9%	20.8	3.5%	32.9	3.4%
1967	852.7	5.7%	21.4	3.1%	34.0	3.3%
1968	936.2	9.8%	22.4	4.6%	35.6	4.7%
1969	1004.5	7.3%	23.6	5.2%	37.7	5.9%
1970	1052.7	4.8%	24.8	5.0%	39.8	5.6%
1971	1151.4	9.4%	25.9	4.7%	41.1	3.3%
1972	1286.6	11.7%	27.1	4.5%	42.5	3.4%
1973	1431.8	11.3%	28.9	6.8%	46.3	8.9%
1974	1552.8	8.5%	32.0	10.7%	51.9	12.1%
1975	1713.9	10.4%	34.5	7.6%	55.6	7.1%
1976	1884.5	10.0%	36.3	5.4%	58.4	5.0%
1977	2110.8	12.0%	38.8	6.7%	62.3	6.7%
1978	2416.0	14.5%	41.6	7.3%	67.9	9.0%
1979	2659.4	10.1%	45.2	8.7%	76.9	13.3%
1980	2915.3	9.6%	49.6	9.7%	86.4	12.4%
1981	3194.7	9.6%	53.7	8.3%	94.1	8.9%
1982	3312.5	3.7%	56.5	5.2%	97.7	3.8%
1983	3688.1	11.3%	58.4	3.3%	101.4	3.8%
1984	4034.0	9.4%	60.5	3.6%	105.5	4.0%
1985	4318.7	7.1%	62.1	2.8%	109.5	3.8%
1986	4543.3	5.2%	63.6	2.3%	110.8	1.2%
1987	4883.1	7.5%	65.5	3.1%	115.6	4.3%
1988	5251.0	7.5%	68.0	3.7%	120.7	4.4%
1989	5581.7	6.3%	70.3	3.5%	126.3	4.6%
1990	5846.0	4.7%	73.2	4.2%	134.2	6.3%
1991	6092.5	4.2%	75.6	3.2%	138.2	3.0%
1992	6493.6	6.6%	77.2	2.2%	142.3	3.0%
1993	6813.8	4.9%	78.9	2.2%	146.3	2.8%
1994	7248.2	6.4%	80.6	2.1%	150.1	2.6%
1995	7542.5	4.1%	82.2	2.0%	153.9	2.5%
1996	8023.0	6.4%	83.7	1.8%	159.1	3.4%
1997	8505.7	6.0%	85.1	1.6%	161.8	1.7%
1998	9027.5	6.1%	86.0	1.1%	164.4	1.6%
1999	9607.7	6.4%	87.3	1.5%	168.8	2.7%
2000	10129.8	5.4%	89.4	2.5%	174.6	3.4%
2001	10373.1	2.4%	91.2	2.0%	177.4	1.6%
2002	10766.9	3.8%	92.9	1.8%	181.8	2.5%
2003	11414.8	6.0%	94.8	2.1%	185.5	2.0%
2004	12123.9	6.2%	97.9	3.2%	191.7	3.3%
2005	12901.4	6.4%	101.3	3.5%	198.1	3.3%
2006	13584.2	5.3%	104.2	2.8%	203.1	2.5%
2007	14253.2	4.9%	107.0	2.7%	211.4	4.1%
2008	14081.7	-1.2%	109.3	2.2%	211.4	0.0%
2009	14133.6	0.4%	109.8	0.5%	217.3	2.8%
2010	14735.9	4.3%	111.8	1.8%	220.4	1.4%
2011	15321.0	4.0%	114.0	2.0%	227.0	3.0%
2012	15829.0	3.3%	116.0	1.8%	231.0	1.7%
10-Year Average		4.0%		2.2%		2.4%
20-Year Average		4.6%		2.1%		2.5%
30-Year Average		5.4%		2.4%		2.9%
40-Year Average		6.5%		3.7%		4.4%
50-Year Average		6.8%		3.7%		4.2%
60-Year Average		6.5%		3.4%		3.7%
Average of Periods		5.6%		2.9%		3.3%

Table 2-1.**CBO's Economic Projections for Calendar Years 2012 to 2023**

	Estimated, 2012	Forecast		Projected Annual Average	
		2013	2014	2015–2018	2019–2023
Fourth Quarter to Fourth Quarter (Percentage change)					
Gross Domestic Product					
Real	1.9	1.4	3.4	3.6	2.2
Nominal	3.7	2.9	5.3	5.7	4.3
Inflation					
PCE price index	1.5	1.3	1.8	1.9	2.0
Core PCE price index ^a	1.5	1.5	1.9	2.0	2.0
Consumer price index ^b	1.9 ^c	1.5	2.0	2.2	2.3
Core consumer price index ^a	1.9 ^c	1.8	2.0	2.2	2.3
GDP price index	1.8	1.5	1.9	2.1	2.0
Employment Cost Index ^d	1.9	2.2	3.3	4.0	3.6
Fourth Quarter Level (Percent)					
Unemployment Rate	7.8 ^c	8.0	7.6	5.5 ^e	5.2 ^f
Year to Year (Percentage change)					
Gross Domestic Product					
Real	2.3	1.4	2.6	3.7	2.3
Nominal	4.1	2.9	4.4	5.9	4.3
Inflation					
PCE price index	1.7	1.3	1.7	1.9	2.0
Core PCE price index ^a	1.7	1.3	1.8	2.0	2.0
Consumer price index ^b	2.1 ^c	1.6	1.9	2.2	2.3
Core consumer price index ^a	2.1 ^c	1.7	2.0	2.2	2.3
GDP price index	1.8	1.5	1.8	2.1	2.0
Employment Cost Index ^d	1.8	2.1	2.9	4.0	3.6
Calendar Year Average					
Unemployment Rate (Percent)	8.1 ^c	7.9	7.8	6.1	5.4
Payroll Employment (Monthly change, in thousands)	157 ^c	105	182	171	75
Interest Rates (Percent)					
Three-month Treasury bills	0.1 ^c	0.1	0.2	2.2	4.0
Ten-year Treasury notes	1.8 ^c	2.1	2.7	4.5	5.2
Tax Bases (Percentage of GDP)					
Wages and salaries	44.1	43.5	43.9	44.2	44.9
Domestic economic profits	9.6	9.3	9.7	9.7	7.7

Source: Congressional Budget Office. (Actual values for 2012 are from Department of Labor, Bureau of Labor Statistics; Federal Reserve.)

Notes: Economic projections for each year from 2012 to 2023 appear in Appendix B.

The numbers shown here do not reflect the values for GDP and related series released by the Commerce Department's Bureau of Economic Analysis on January 30 and the values released by the Labor Department's Bureau of Labor Statistics for the employment cost index on January 31 and for payroll employment on February 1.

PCE = personal consumption expenditures; GDP = gross domestic product.

- a. Excludes prices for food and energy.
- b. The consumer price index for all urban consumers.
- c. Actual value for 2012.
- d. The employment cost index for wages and salaries of workers in private industry.
- e. Value for 2018.
- f. Value for 2023.

Northern Utilities, Inc.
Discounted Cash Flow Analysis
Summary Of DCF Model Results
Combination Gas and Electric Companies

Company	Constant Growth DCF Model Analysts' Growth Rates	Constant Growth DCF Model Long-Term GDP Growth	Low Near-Term Growth Two-Stage Growth DCF Model
1 Alliant Energy Co.	10.5%	9.9%	9.7%
2 Avista Corp.	8.8%	10.5%	10.0%
3 Black Hills Corp	10.9%	9.6%	9.1%
4 CMS Energy Corp.	10.5%	9.8%	9.7%
5 Con. Edison	7.2%	10.0%	9.6%
6 DTE Energy Co.	9.0%	9.7%	9.4%
7 Duke Energy	8.8%	10.3%	9.9%
8 Empire District	12.8%	10.6%	10.5%
9 Integrys Energy	10.6%	10.7%	10.0%
10 Northeast Utilities	10.5%	9.4%	9.4%
11 NorthWestern	9.9%	9.9%	9.8%
12 NV Energy, Inc.	12.8%	9.8%	10.1%
13 Pepco Holdings	10.7%	11.3%	10.7%
14 SCANA Corp.	9.3%	10.0%	9.6%
15 Sempra Energy	7.8%	9.1%	8.8%
16 Teco Energy, Inc.	7.9%	10.8%	10.4%
17 UIL Holdings Co.	8.7%	10.3%	9.6%
18 UNS Energy Corp.	10.8%	9.8%	9.9%
19 Wisconsin Energy	9.5%	9.3%	9.5%
20 Xcel Energy Inc.	9.4%	9.8%	9.8%
GROUP AVERAGE	9.8%	10.0%	9.8%
GROUP MEDIAN	9.7%	9.9%	9.8%

Sources: Value Line Investment Survey, Electric Utility (East), Feb 22, 2013; (Central), Dec 21, 2012; (West), Feb 1, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Northern Utilities, Inc.
Constant Growth DCF Model
Analysts' Growth Rates
Combination Gas and Electric Companies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Company	Recent Price(P0)	Next Year's Div(D1)	Dividend Yield	Analysts' Estimated Growth			Average Growth (Cols 4-6)	ROE K=Div Yld+G (Cols 3+7)
				Value Line	Zacks	Thomson		
1 Alliant Energy Co.	45.38	1.93	4.26%	6.50%	6.40%	5.80%	6.23%	10.5%
2 Avista Corp.	25.08	1.22	4.85%	3.50%	4.30%	4.00%	3.93%	8.8%
3 Black Hills Corp	38.60	1.52	3.93%	9.00%	6.00%	6.00%	7.00%	10.9%
4 CMS Energy Corp.	25.22	1.05	4.16%	7.00%	6.00%	6.06%	6.35%	10.5%
5 Con. Edison	56.59	2.48	4.38%	3.50%	3.00%	2.00%	2.83%	7.2%
6 DTE Energy Co.	62.51	2.57	4.11%	5.00%	5.00%	4.58%	4.86%	9.0%
7 Duke Energy	66.62	3.12	4.68%	4.50%	4.10%	3.77%	4.12%	8.8%
8 Empire District	20.92	1.03	4.94%	5.50%	NA	10.20%	7.85%	12.8%
9 Integrys Energy	54.28	2.73	5.04%	6.00%	5.30%	5.50%	5.60%	10.6%
10 Northeast Utilities	40.06	1.52	3.78%	6.50%	7.10%	6.58%	6.73%	10.5%
11 NorthWestern	36.31	1.57	4.31%	5.00%	5.30%	6.58%	5.63%	9.9%
12 NV Energy, Inc.	18.75	0.78	4.18%	11.50%	11.10%	3.13%	8.58%	12.8%
13 Pepco Holdings	19.68	1.12	5.69%	6.00%	4.80%	4.25%	5.02%	10.7%
14 SCANA Corp.	46.75	2.04	4.36%	4.50%	4.80%	5.40%	4.90%	9.3%
15 Sempra Energy	73.38	2.55	3.47%	4.50%	1.60%	7.00%	4.37%	7.8%
16 Teco Energy, Inc.	17.11	0.88	5.14%	3.50%	1.70%	3.02%	2.74%	7.9%
17 UIL Holdings Co.	36.89	1.73	4.69%	4.00%	4.00%	4.10%	4.03%	8.7%
18 UNS Energy Corp.	44.22	1.84	4.16%	5.50%	6.30%	8.00%	6.60%	10.8%
19 Wisconsin Energy	38.57	1.43	3.72%	6.50%	5.50%	5.37%	5.79%	9.5%
20 Xcel Energy Inc.	27.46	1.15	4.19%	6.00%	4.70%	4.95%	5.22%	9.4%
GROUP AVERAGE	39.72	1.71	4.40%	5.70%	5.11%	5.31%	5.42%	9.8%
GROUP MEDIAN			4.29%					9.7%

Sources: Value Line Investment Survey, Electric Utility (East), Feb 22, 2013; (Central), Dec 21, 2012; (West), Feb 1, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Northern Utilities, Inc.
Constant Growth DCF Model
Long-Term GDP Growth
Combination Gas and Electric Companies

	(9)	(10)	(11)	(12)	(13)
	Next				ROE
Company	Recent Price(P0)	Year's Div(D1)	Dividend Yield	GDP Growth	K=Div Yld+G (Cols 11+12)
1 Alliant Energy Co.	45.38	1.93	4.26%	5.63%	9.9%
2 Avista Corp.	25.08	1.22	4.85%	5.63%	10.5%
3 Black Hills Corp	38.60	1.52	3.93%	5.63%	9.6%
4 CMS Energy Corp.	25.22	1.05	4.16%	5.63%	9.8%
5 Con. Edison	56.59	2.48	4.38%	5.63%	10.0%
6 DTE Energy Co.	62.51	2.57	4.11%	5.63%	9.7%
7 Duke Energy	66.62	3.12	4.68%	5.63%	10.3%
8 Empire District	20.92	1.03	4.94%	5.63%	10.6%
9 Integrys Energy	54.28	2.73	5.04%	5.63%	10.7%
10 Northeast Utilities	40.06	1.52	3.78%	5.63%	9.4%
11 NorthWestern	36.31	1.57	4.31%	5.63%	9.9%
12 NV Energy, Inc.	18.75	0.78	4.18%	5.63%	9.8%
13 Pepco Holdings	19.68	1.12	5.69%	5.63%	11.3%
14 SCANA Corp.	46.75	2.04	4.36%	5.63%	10.0%
15 Semptra Energy	73.38	2.55	3.47%	5.63%	9.1%
16 Teco Energy, Inc.	17.11	0.88	5.14%	5.63%	10.8%
17 UIL Holdings Co.	36.89	1.73	4.69%	5.63%	10.3%
18 UNS Energy Corp.	44.22	1.84	4.16%	5.63%	9.8%
19 Wisconsin Energy	38.57	1.43	3.72%	5.63%	9.3%
20 Xcel Energy Inc.	27.46	1.15	4.19%	5.63%	9.8%
GROUP AVERAGE	39.72	1.71	4.40%	5.63%	10.0%
GROUP MEDIAN			4.29%		9.9%

Sources: Value Line Investment Survey, Electric Utility (East), Feb 22, 2013; (Central), Dec 21, 2012; (West), Feb 1, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Northern Utilities, Inc.
Low Near-Term Growth
Two-Stage Growth DCF Model
Combination Gas and Electric Companies

	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Company	2013/14 Div	2016/17 Div	Annual Change to 2016/17	CASH FLOWS							ROE=Internal Rate of Return (Yrs 0-150)
				Recent Price	Year 1 Div	Year 2 Div	Year 3 Div	Year 4 Div	Year 5 Div	Year 5-150 Div Growth	
1 Alliant Energy Co.	1.88	2.20	0.11	-45.38	1.88	1.99	2.09	2.20	2.32	5.63%	9.7%
2 Avista Corp.	1.20	1.30	0.03	-25.08	1.20	1.23	1.27	1.30	1.37	5.63%	10.0%
3 Black Hills Corp	1.50	1.60	0.03	-38.60	1.50	1.53	1.57	1.60	1.69	5.63%	9.1%
4 CMS Energy Corp.	1.02	1.20	0.06	-25.22	1.02	1.08	1.14	1.20	1.27	5.63%	9.7%
5 Con. Edison	2.50	2.62	0.04	-56.59	2.50	2.54	2.58	2.62	2.77	5.63%	9.6%
6 DTE Energy Co.	2.52	2.80	0.09	-62.51	2.52	2.61	2.71	2.80	2.96	5.63%	9.4%
7 Duke Energy	3.15	3.35	0.07	-66.62	3.15	3.22	3.28	3.35	3.54	5.63%	9.9%
8 Empire District	1.00	1.20	0.07	-20.92	1.00	1.07	1.13	1.20	1.27	5.63%	10.5%
9 Integrys Energy	2.72	2.80	0.03	-54.28	2.72	2.75	2.77	2.80	2.96	5.63%	10.0%
10 Northeast Utilities	1.56	1.80	0.08	-40.06	1.56	1.64	1.72	1.80	1.90	5.63%	9.4%
11 NorthWestern	1.52	1.80	0.09	-36.31	1.52	1.61	1.71	1.80	1.90	5.63%	9.8%
12 NV Energy, Inc.	0.74	1.00	0.09	-18.75	0.74	0.83	0.91	1.00	1.06	5.63%	10.1%
13 Pepco Holdings	1.12	1.16	0.01	-19.68	1.12	1.13	1.15	1.16	1.23	5.63%	10.7%
14 SCANA Corp.	2.06	2.20	0.05	-46.75	2.06	2.11	2.15	2.20	2.32	5.63%	9.6%
15 Sempra Energy	2.50	2.80	0.10	-73.38	2.50	2.60	2.70	2.80	2.96	5.63%	8.8%
16 Teco Energy, Inc.	0.88	0.95	0.02	-17.11	0.88	0.90	0.93	0.95	1.00	5.63%	10.4%
17 UIL Holdings Co.	1.73	1.73	0.00	-36.89	1.73	1.73	1.73	1.73	1.83	5.63%	9.6%
18 UNS Energy Corp.	1.76	2.25	0.16	-44.22	1.76	1.92	2.09	2.25	2.38	5.63%	9.9%
19 Wisconsin Energy	1.36	1.80	0.15	-38.57	1.36	1.51	1.65	1.80	1.90	5.63%	9.5%
20 Xcel Energy Inc.	1.11	1.35	0.08	-27.46	1.11	1.19	1.27	1.35	1.43	5.63%	9.8%
GROUP AVERAGE											9.8%
GROUP MEDIAN											9.8%

Sources: Value Line Investment Survey, Electric Utility (East), Feb 22, 2013; (Central), Dec 21, 2012; (West), Feb 1, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Northern Utilities, Inc.
Discounted Cash Flow Analysis
Column Descriptions
Combination Gas and Electric Companies

Column 1: Three-month Average Price per Share (Dec 2012-Feb 2013)	Column 13: Column 11 Plus Column 12
Column 2: Estimated 50% 2013, 50% 2014 Div per Share from Value Line	Column 14: Estimated 2013 Div per Share from Value Line (2014 for East, Natural Gas Utilities)
Column 3: Column 2 Divided by Column 1	Column 15: Estimated 2016 Div per Share from Value Line (2017 for East, Natural Gas Utilities)
Column 4: "Est'd '09-'11 to '15-'17" Earnings Growth Reported by Value Line ("Est'd '10-'12 to '16-'18" for East, Natural Gas Utilities)	Column 16: (Column 15 Minus Column 14) Divided by Three
Column 5: "Next 5 Years" Company Growth Estimate as Reported by Zacks.com	Column 17: See Column 1
Column 6: "Next 5 Years (per annum) Growth Estimate Reported by Thomson Financial Network (at Yahoo Finance)	Column 18: See Column 14
Column 7: Average of Columns 4-6	Column 19: Column 18 Plus Column 16
Column 8: Column 3 Plus Column 7	Column 20: Column 19 Plus Column 16
Column 9: See Column 1	Column 21: Column 20 Plus Column 16
Column 10: See Column 2	Column 22: Column 21 Increased by the Growth Rate Shown in Column 23
Column 11: Column 10 Divided by Column 9	Column 23: See Column 12
Column 12: Average of GDP Growth During the Last 10 year, 20 year, 30 year, 40 year, 50 year, and 60 year growth periods. See Schedule SCH-3, page 1	Column 24: The Internal Rate of Return of the Cash Flows in Columns 17-22 along with the Dividends for the Years 6-150 Implied by the Growth Rates shown in Column 23

Northern Utilities, Inc.
Discounted Cash Flow Analysis
Summary Of DCF Model Results
Gas Distribution Companies

Company	Constant Growth DCF Model Analysts' Growth Rates	Constant Growth DCF Model Long-Term GDP Growth	Low Near-Term Growth Two-Stage Growth DCF Model
1 AGL Resources	10.9%	10.3%	9.9%
2 Atmos Energy Corp.	9.7%	9.5%	9.1%
3 Laclede Group	9.0%	10.1%	9.6%
4 NiSource Inc.	11.9%	9.4%	9.2%
5 N.W. Nat'l Gas	8.0%	9.7%	9.4%
6 Piedmont Nat'l	8.0%	9.5%	9.3%
7 South Jersey Inds.	10.6%	9.2%	9.6%
8 Southwest Gas	8.8%	8.8%	8.7%
GROUP AVERAGE	9.6%	9.6%	9.4%
GROUP MEDIAN	9.3%	9.5%	9.4%

Sources: Value Line Investment Survey, Natural Gas Utility, Mar 8, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Northern Utilities, Inc.
Constant Growth DCF Model
Analysts' Growth Rates
Gas Distribution Companies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Company	Recent Price(P0)	Next Year's Div(D1)	Dividend Yield	Analysts' Estimated Growth			Average Growth (Cols 4-6)	ROE K=Div Yld+G (Cols 3+7)
				Value Line	Zacks	Thomson		
1 AGL Resources	40.48	1.90	4.69%	9.00%	3.50%	NA	6.25%	10.9%
2 Atmos Energy Corp.	36.51	1.41	3.86%	5.50%	6.00%	5.93%	5.81%	9.7%
3 Laclede Group	39.59	1.75	4.42%	5.50%	3.00%	5.30%	4.60%	9.0%
4 NiSource Inc.	25.95	0.98	3.78%	10.00%	7.60%	6.70%	8.10%	11.9%
5 N.W. Nat'l Gas	44.96	1.85	4.11%	3.00%	4.20%	4.50%	3.90%	8.0%
6 Piedmont Nat'l	31.94	1.25	3.91%	3.00%	3.70%	5.57%	4.09%	8.0%
7 South Jersey Inds.	52.56	1.90	3.62%	9.00%	6.00%	6.00%	7.00%	10.6%
8 Southwest Gas	43.56	1.36	3.12%	8.00%	4.90%	4.05%	5.65%	8.8%
GROUP AVERAGE	39.44	1.55	3.94%	6.63%	4.86%	5.44%	5.68%	9.6%
GROUP MEDIAN			3.89%					9.3%

Sources: Value Line Investment Survey, Natural Gas Utility, Mar 8, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Northern Utilities, Inc.
Constant Growth DCF Model
Long-Term GDP Growth
Gas Distribution Companies

	(9)	(10)	(11)	(12)	(13)
		Next			ROE
Company	Recent Price(P0)	Year's Div(D1)	Dividend Yield	GDP Growth	K=Div Yld+G (Cols 11+12)
1 AGL Resources	40.48	1.90	4.69%	5.63%	10.3%
2 Atmos Energy Corp.	36.51	1.41	3.86%	5.63%	9.5%
3 Laclede Group	39.59	1.75	4.42%	5.63%	10.1%
4 NiSource Inc.	25.95	0.98	3.78%	5.63%	9.4%
5 N.W. Nat'l Gas	44.96	1.85	4.11%	5.63%	9.7%
6 Piedmont Nat'l	31.94	1.25	3.91%	5.63%	9.5%
7 South Jersey Inds.	52.56	1.90	3.62%	5.63%	9.2%
8 Southwest Gas	43.56	1.36	3.12%	5.63%	8.8%
GROUP AVERAGE	39.44	1.55	3.94%	5.63%	9.6%
GROUP MEDIAN			3.89%		9.5%

Sources: Value Line Investment Survey, Natural Gas Utility, Mar 8, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Northern Utilities, Inc.
Low Near-Term Growth
Two-Stage Growth DCF Model
Gas Distribution Companies

	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Company	2014 Div	2017 Div	Annual Change to 2017	CASH FLOWS							ROE=Internal Rate of Return (Yrs 0-150)
				Recent Price	Year 1 Div	Year 2 Div	Year 3 Div	Year 4 Div	Year 5 Div	Year 5-150 Div Growth	
1 AGL Resources	1.92	2.04	0.04	-40.48	1.92	1.96	2.00	2.04	2.15	5.63%	9.9%
2 Atmos Energy Corp.	1.42	1.50	0.03	-36.51	1.42	1.45	1.47	1.50	1.58	5.63%	9.1%
3 Laclede Group	1.76	1.82	0.02	-39.59	1.76	1.78	1.80	1.82	1.92	5.63%	9.6%
4 NiSource Inc.	1.00	1.10	0.03	-25.95	1.00	1.03	1.07	1.10	1.16	5.63%	9.2%
5 N.W. Nat'l Gas	1.87	2.00	0.04	-44.96	1.87	1.91	1.96	2.00	2.11	5.63%	9.4%
6 Piedmont Nat'l	1.27	1.39	0.04	-31.94	1.27	1.31	1.35	1.39	1.47	5.63%	9.3%
7 South Jersey Inds.	1.98	2.45	0.16	-52.56	1.98	2.14	2.29	2.45	2.59	5.63%	9.6%
8 Southwest Gas	1.40	1.60	0.07	-43.56	1.40	1.47	1.53	1.60	1.69	5.63%	8.7%
GROUP AVERAGE											9.4%
GROUP MEDIAN											9.4%

Sources: Value Line Investment Survey, Natural Gas Utility, Mar 8, 2013.

NOTE: SEE PAGE 5 OF THIS EXHIBIT FOR FURTHER EXPLANATION OF EACH COLUMN.

Northern Utilities, Inc.
Discounted Cash Flow Analysis
Column Descriptions
Gas Distribution Companies

Column 1: Three-month Average Price per Share (Dec 2012-Feb 2013)	Column 13: Column 11 Plus Column 12
Column 2: Estimated 50% 2013, 50% 2014 Div per Share from Value Line	Column 14: Estimated 2014 Div per Share from Value Line
Column 3: Column 2 Divided by Column 1	Column 15: Estimated 2017 Div per Share from Value Line
Column 4: "Est'd '10-'12 to '16-'18" Earnings Growth Reported by Value	Column 16: (Column 15 Minus Column 14) Divided by Three
Column 5: "Next 5 Years" Company Growth Estimate as Reported by Zacks.com	Column 17: See Column 1
Column 6: "Next 5 Years (per annum) Growth Estimate Reported by Thomson Financial Network (at Yahoo Finance)	Column 18: See Column 14
Column 7: Average of Columns 4-6	Column 19: Column 18 Plus Column 16
Column 8: Column 3 Plus Column 7	Column 20: Column 19 Plus Column 16
Column 9: See Column 1	Column 21: Column 20 Plus Column 16
Column 10: See Column 2	Column 22: Column 21 Increased by the Growth Rate Shown in Column 23
Column 11: Column 10 Divided by Column 9	Column 23: See Column 12
Column 12: Average of GDP Growth During the Last 10 year, 20 year, 30 year, 40 year, 50 year, and 60 year growth periods. See Schedule SCH-3, page 1	Column 24: The Internal Rate of Return of the Cash Flows in Columns 17-22 along with the Dividends for the Years 6-150 Implied by the Growth Rates shown in Column 23

Northern Utilities, Inc.

Risk Premium Analysis-Electric

(Based on Projected Interest Rates)

	MOODY'S AVERAGE PUBLIC UTILITY BOND YIELD (1)	AUTHORIZED ELECTRIC RETURNS (2)	INDICATED RISK PREMIUM
1980	13.15%	14.23%	1.08%
1981	15.62%	15.22%	-0.40%
1982	15.33%	15.78%	0.45%
1983	13.31%	15.36%	2.05%
1984	14.03%	15.32%	1.29%
1985	12.29%	15.20%	2.91%
1986	9.46%	13.93%	4.47%
1987	9.98%	12.99%	3.01%
1988	10.45%	12.79%	2.34%
1989	9.66%	12.97%	3.31%
1990	9.76%	12.70%	2.94%
1991	9.21%	12.55%	3.34%
1992	8.57%	12.09%	3.52%
1993	7.56%	11.41%	3.85%
1994	8.30%	11.34%	3.04%
1995	7.91%	11.55%	3.64%
1996	7.74%	11.39%	3.65%
1997	7.63%	11.40%	3.77%
1998	7.00%	11.66%	4.66%
1999	7.55%	10.77%	3.22%
2000	8.14%	11.43%	3.29%
2001	7.72%	11.09%	3.37%
2002	7.53%	11.16%	3.63%
2003	6.61%	10.97%	4.36%
2004	6.20%	10.75%	4.55%
2005	5.67%	10.54%	4.87%
2006	6.08%	10.36%	4.28%
2007	6.11%	10.36%	4.25%
2008	6.65%	10.46%	3.81%
2009	6.28%	10.48%	4.20%
2010	5.55%	10.34%	4.79%
2011	5.13%	10.30%	5.17%
2012	4.27%	10.15%	5.88%
AVERAGE	8.68%	12.09%	3.41%

INDICATED COST OF EQUITY

PROJECTED TRIPLE-B UTILITY BOND YIELD*	5.11%
MOODY'S AVG ANNUAL YIELD DURING STUDY	8.68%
INTEREST RATE DIFFERENCE	-3.57%

INTEREST RATE CHANGE COEFFICIENT	-42.79%
ADJUSTMENT TO AVG RISK PREMIUM	1.53%

BASIC RISK PREMIUM	3.41%
INTEREST RATE ADJUSTMENT	1.53%
EQUITY RISK PREMIUM	4.94%

PROJECTED TRIPLE-B UTILITY BOND YIELD*	5.11%
INDICATED EQUITY RETURN	10.05%

(1) Moody's Investors Service

(2) Regulatory Focus, Regulatory Research Associates, Inc.

*Projected triple-B bond yield is 161 basis points over projected long-term Treasury bond rate of 3.45%.

The triple-B spread is for 3 months ended Feb 2013 from Schedule SCH-2, p. 2.

The projected Treasury bond rate is the 30 year rate for 2014 from Schedule SCH-2, p. 3.

Northern Utilities, Inc.
Risk Premium Analysis-Electric
(Based on Current Interest Rates)

	MOODY'S AVERAGE PUBLIC UTILITY BOND YIELD (1)	AUTHORIZED ELECTRIC RETURNS (2)	INDICATED RISK PREMIUM
1980	13.15%	14.23%	1.08%
1981	15.62%	15.22%	-0.40%
1982	15.33%	15.78%	0.45%
1983	13.31%	15.36%	2.05%
1984	14.03%	15.32%	1.29%
1985	12.29%	15.20%	2.91%
1986	9.46%	13.93%	4.47%
1987	9.98%	12.99%	3.01%
1988	10.45%	12.79%	2.34%
1989	9.66%	12.97%	3.31%
1990	9.76%	12.70%	2.94%
1991	9.21%	12.55%	3.34%
1992	8.57%	12.09%	3.52%
1993	7.56%	11.41%	3.85%
1994	8.30%	11.34%	3.04%
1995	7.91%	11.55%	3.64%
1996	7.74%	11.39%	3.65%
1997	7.63%	11.40%	3.77%
1998	7.00%	11.66%	4.66%
1999	7.55%	10.77%	3.22%
2000	8.14%	11.43%	3.29%
2001	7.72%	11.09%	3.37%
2002	7.53%	11.16%	3.63%
2003	6.61%	10.97%	4.36%
2004	6.20%	10.75%	4.55%
2005	5.67%	10.54%	4.87%
2006	6.08%	10.36%	4.28%
2007	6.11%	10.36%	4.25%
2008	6.65%	10.46%	3.81%
2009	6.28%	10.48%	4.20%
2010	5.55%	10.34%	4.79%
2011	5.13%	10.30%	5.17%
2012	4.27%	10.15%	5.88%
AVERAGE	8.68%	12.09%	3.41%

INDICATED COST OF EQUITY

CURRENT TRIPLE-B UTILITY BOND YIELD*	4.65%
MOODY'S AVG ANNUAL YIELD DURING STUDY	8.68%
INTEREST RATE DIFFERENCE	-4.03%

INTEREST RATE CHANGE COEFFICIENT	-42.79%
ADJUSTMENT TO AVG RISK PREMIUM	1.72%

BASIC RISK PREMIUM	3.41%
INTEREST RATE ADJUSTMENT	1.72%
EQUITY RISK PREMIUM	5.14%

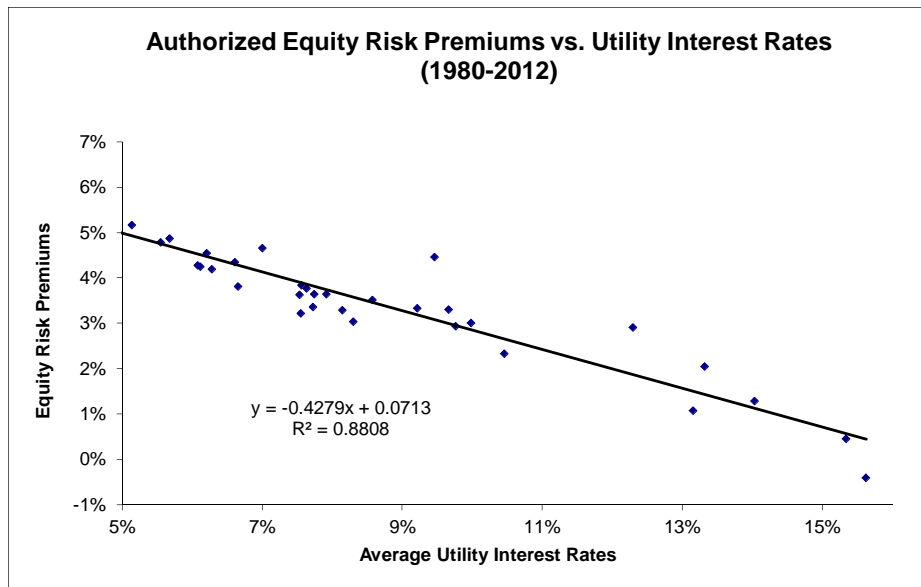
CURRENT TRIPLE-B UTILITY BOND YIELD*	4.65%
INDICATED EQUITY RETURN	9.79%

(1) Moody's Investors Service

(2) Regulatory Focus, Regulatory Research Associates, Inc.

*Current triple-B utility bond yield is three month average of Moody's Triple-B Public Utility Bond Yield
Average through Feb 2013 from Schedule SCH-2, p. 2.

Northern Utilities, Inc.
Risk Premium Analysis-Electric
Regression Analysis & Interest Rate Change Coefficient



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.938502074
R Square	0.880786143
Adjusted R Square	0.876940534
Standard Error	0.004718437
Observations	33

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	0.005099196	0.005099196	229.0368841	7.27147E-16
Residual	31	0.000690173	2.22636E-05		
Total	32	0.005789369			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.071260114	0.002588012	27.53469611	2.3495E-23	0.065981829	0.076538398	0.065981829	0.076538398
X Variable 1	-0.427887504	0.028273325	-15.13396459	7.27147E-16	-0.485551331	-0.370223677	-0.485551331	-0.370223677

Northern Utilities, Inc.

Risk Premium Analysis-Gas

(Based on Projected Interest Rates)

	MOODY'S AVERAGE PUBLIC UTILITY BOND YIELD (1)	AUTHORIZED GAS COMPANY RETURNS (2)	INDICATED RISK PREMIUM
1980	13.15%	14.05%	0.90%
1981	15.62%	15.11%	-0.51%
1982	15.33%	15.62%	0.29%
1983	13.31%	15.25%	1.94%
1984	14.03%	15.31%	1.28%
1985	12.29%	14.75%	2.46%
1986	9.46%	13.46%	4.00%
1987	9.98%	12.74%	2.76%
1988	10.45%	12.85%	2.40%
1989	9.66%	12.88%	3.22%
1990	9.76%	12.67%	2.91%
1991	9.21%	12.46%	3.25%
1992	8.57%	12.01%	3.44%
1993	7.56%	11.35%	3.79%
1994	8.30%	11.35%	3.05%
1995	7.91%	11.43%	3.52%
1996	7.74%	11.19%	3.45%
1997	7.63%	11.29%	3.66%
1998	7.00%	11.51%	4.51%
1999	7.55%	10.66%	3.11%
2000	8.14%	11.39%	3.25%
2001	7.72%	10.95%	3.23%
2002	7.53%	11.03%	3.50%
2003	6.61%	10.99%	4.38%
2004	6.20%	10.59%	4.39%
2005	5.67%	10.46%	4.79%
2006	6.08%	10.43%	4.35%
2007	6.11%	10.24%	4.13%
2008	6.65%	10.37%	3.72%
2009	6.28%	10.19%	3.91%
2010	5.55%	10.08%	4.53%
2011	5.13%	9.92%	4.79%
2012	4.27%	9.94%	5.67%
AVERAGE	8.68%	11.96%	3.27%

INDICATED COST OF EQUITY

PROJECTED TRIPLE-B UTILITY BOND YIELD*	5.11%
MOODY'S AVG ANNUAL YIELD DURING STUDY	8.68%
INTEREST RATE DIFFERENCE	-3.57%

INTEREST RATE CHANGE COEFFICIENT	-42.69%
ADJUSTMENT TO AVG RISK PREMIUM	1.52%

BASIC RISK PREMIUM	3.27%
INTEREST RATE ADJUSTMENT	1.52%
EQUITY RISK PREMIUM	4.80%

PROJECTED TRIPLE-B UTILITY BOND YIELD*	5.11%
INDICATED EQUITY RETURN	9.91%

(1) Moody's Investors Service

(2) Regulatory Focus, Regulatory Research Associates, Inc.

*Projected triple-B bond yield is 161 basis points over projected long-term Treasury bond rate of 3.45%.

The triple-B spread is for 3 months ended Feb 2013 from Schedule SCH-2, p. 2.

The projected Treasury bond rate is the 30 year rate for 2014 from Schedule SCH-2, p. 3.

Northern Utilities, Inc.

Risk Premium Analysis-Gas

(Based on Current Interest Rates)

	MOODY'S AVERAGE PUBLIC UTILITY BOND YIELD (1)	AUTHORIZED GAS COMPANY RETURNS (2)	INDICATED RISK PREMIUM
1980	13.15%	14.05%	0.90%
1981	15.62%	15.11%	-0.51%
1982	15.33%	15.62%	0.29%
1983	13.31%	15.25%	1.94%
1984	14.03%	15.31%	1.28%
1985	12.29%	14.75%	2.46%
1986	9.46%	13.46%	4.00%
1987	9.98%	12.74%	2.76%
1988	10.45%	12.85%	2.40%
1989	9.66%	12.88%	3.22%
1990	9.76%	12.67%	2.91%
1991	9.21%	12.46%	3.25%
1992	8.57%	12.01%	3.44%
1993	7.56%	11.35%	3.79%
1994	8.30%	11.35%	3.05%
1995	7.91%	11.43%	3.52%
1996	7.74%	11.19%	3.45%
1997	7.63%	11.29%	3.66%
1998	7.00%	11.51%	4.51%
1999	7.55%	10.66%	3.11%
2000	8.14%	11.39%	3.25%
2001	7.72%	10.95%	3.23%
2002	7.53%	11.03%	3.50%
2003	6.61%	10.99%	4.38%
2004	6.20%	10.59%	4.39%
2005	5.67%	10.46%	4.79%
2006	6.08%	10.43%	4.35%
2007	6.11%	10.24%	4.13%
2008	6.65%	10.37%	3.72%
2009	6.28%	10.19%	3.91%
2010	5.55%	10.08%	4.53%
2011	5.13%	9.92%	4.79%
2012	4.27%	9.94%	5.67%
AVERAGE	8.68%	11.96%	3.27%

INDICATED COST OF EQUITY

CURRENT TRIPLE-B UTILITY BOND YIELD*	4.65%
MOODY'S AVG ANNUAL YIELD DURING STUDY	8.68%
INTEREST RATE DIFFERENCE	-4.03%

INTEREST RATE CHANGE COEFFICIENT	-42.69%
ADJUSTMENT TO AVG RISK PREMIUM	1.72%

BASIC RISK PREMIUM	3.27%
INTEREST RATE ADJUSTMENT	1.72%
EQUITY RISK PREMIUM	5.00%

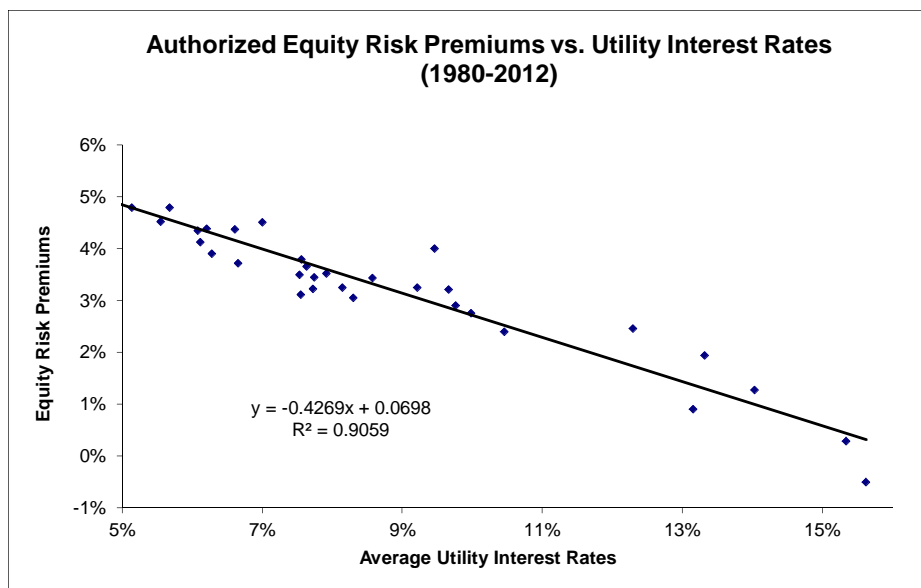
CURRENT TRIPLE-B UTILITY BOND YIELD*	4.65%
INDICATED EQUITY RETURN	9.65%

(1) Moody's Investors Service

(2) Regulatory Focus, Regulatory Research Associates, Inc.

*Current triple-B utility bond yield is three month average of Moody's Triple-B Public Utility Bond Yield
Average through Feb 2013 from Schedule SCH-2, p. 2.

Northern Utilities, Inc.
Risk Premium Analysis-Gas
Regression Analysis & Interest Rate Change Coefficient



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.951763816
R Square	0.905854361
Adjusted R Square	0.902817405
Standard Error	0.004125356
Observations	33

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	0.005076247	0.005076247	298.2770696	1.8483E-17
Residual	31	0.000527575	1.70186E-05		
Total	32	0.005603822			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.069806743	0.002262713	30.85090142	7.80434E-25	0.065191909	0.074421577	0.065191909	0.074421577
X Variable 1	-0.426923558	0.024719529	-17.27069974	1.8483E-17	-0.477339369	-0.376507747	-0.477339369	-0.376507747