

Service Date: August 21, 2001

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Application) UTILITY DIVISION
of MDU RESOURCES GROUP, INC. for) DOCKET NO. D2001.7.94
Authorization to Issue up to 2,600,000) DEFAULT ORDER NO. 6363
Additional Shares of Common Stock)
Pursuant to a 401(k) Retirement Plan.)

On July 24, 2001, MDU Resources Group, Inc. ("Applicant" or "Company") filed an application with the Montana Public Service Commission ("Commission") seeking authority to issue up to 2,600,000 additional shares of the Company's common stock, par value \$1.00 per share ("Common Stock"), as proposed in the application, pursuant to the Applicant's 401(k) Retirement Plan. The application is filed pursuant to Title 69, Chapter 3, Part 5, MCA.

The application was supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of issuance of securities by electric and gas utility companies operating within Montana. For detailed information with respect to the general character of Applicant's business and the territory served by it, reference is made to its annual report on file with the Commission.

At a regular open session of the Montana Public Service Commission, held at its offices on August 21, 2001, there came before the Commission for final action the matters in this Docket, and the Commission, having fully considered the application and data and records pertaining thereto on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS OF FACT

1. Applicant is a corporation organized and existing under and by virtue of the laws of the State of Delaware and is qualified to transact business in the State of Montana.

2. Applicant is operating as a public utility as defined in 69-3-101 and 69-3-102, MCA, and as such is engaged in furnishing electric and gas service in Montana.

3. The Commission has jurisdiction over the subject matter of said application under Title 69, Chapter 3, Part 5, MCA.

4. The Company applies for a Commission order for authorization to issue up to 2,600,000 additional shares of Common Stock, par value \$1.00 (the "Common Stock"), in connection with the Applicant's 401(k) Retirement Plan (the "Plan"). The Plan is the new name of two merged 401(k) plans of the Applicant, namely, the Tax Deferred Compensation Plan for non-bargaining unit employees (the "Savings Plan") and the Tax Deferred Compensation Plan for Collective Bargaining Unit Employees (the "Bargaining Unit Plan"). The merger of the Bargaining Unit Plan with and into the Savings Plan and the new name of the Plan were effective January 1, 1999.

The Applicant seeks authority to issue and sell additional authorized but unissued shares of Common Stock pursuant to the provisions of the Plan. The Applicant's Common Stock will be purchased by the Plan trustee ("Trustee") pursuant to the provisions of the Plan and a Trust Agreement. The Plan Trustee may purchase shares of Common Stock directly from the Company, on the open market, in negotiated transactions, or a combination of the foregoing. The Common Stock will in all respects rank equally with the outstanding shares of Common Stock,

so that the holders thereof will participate in dividends equally with the holders of the outstanding shares and will have the same voting rights and liquidation rights.

5. The proceeds from the issuance of Common Stock would be used for funding the Company's capital requirements, for the refunding of its outstanding obligations, for corporate development, and for other general corporate purposes.

6. The transactions proposed by Applicant (a) are consistent with the public interest; (b) are for a purpose or purposes permitted under the laws of the State of Montana; (c) are necessary or appropriate for and consistent with the proper performance by Applicant of service as a public utility; and (d) will not result in a situation in which the aggregate amount of the securities outstanding and proposed herein to be outstanding will exceed the fair value of the properties and business of the Applicant.

CONCLUSIONS OF LAW

The securities transactions proposed by Applicant, as herein authorized, will be for a lawful purpose and are consistent with the public interest; the same are appropriate and consistent with the necessary performance of Applicant of service as a public utility; and the aggregate amount of securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of the Applicant.

ORDER

IT IS HEREBY ORDERED by the Commission:

1. The application of MDU Resources Group, Inc. for authority to issue up to 2,600,000 additional shares of Common Stock pursuant to the Company's 401(k) Retirement Plan, as proposed in the application, is hereby approved and authority is granted.

2. Neither the issuance of securities by Applicant pursuant to the provisions of this Order nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any securities authorized, issued, assumed, or guaranteed hereunder.

3. The approval of this application shall not be construed as precedent to prejudice any future action of this Commission.

4. Issuance of the Order does not constitute acceptance of the Applicant's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

DONE IN OPEN SESSION at Helena, Montana this 21st day of August, 2001, by a vote of 5-0 .

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GARY FELAND, Chairman

JAY STOVALL, Vice Chairman

BOB ANDERSON, Commissioner

MATT BRAINARD, Commissioner

BOB ROWE, Commissioner

ATTEST:

Rhonda J. Simmons
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.