

Service Date: February 6, 2004

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.)	DOCKET NO. D2004.1.4
for Authorization of the Issuance of)	DEFAULT ORDER NO. 6528
up to 1,500,000 additional shares of)	
Common Stock)	

On January 16, 2004, MDU Resources Group, Inc. ("Applicant" or "Company") filed an application with the Montana Public Service Commission ("Commission") seeking authority to issue up to 1,500,000 additional shares of Company Common Stock as proposed in the application, in connection with the MDU Resources Group, Inc. 1998 Option Award Program (the "Option Award Program" or "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 public utilities 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 February 3, 2004, 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 Applicant has applied for authorization from the Commission to grant up to an additional 1,500,000 shares of the Company's Common Stock to be issued from time to time in connection with the Option Award Program. The Option Award Program is a stock option incentive plan. The purpose of the Plan is to promote the success and enhance the value of the Company by linking the personal interests of participants in the Plan to those of Company stockholders. The Plan permits only the grant of stock options. The plan is broad-based, and options are granted to most employees of the Company. The terms and conditions of a stock option grant are established by the Option Award Program committee, the members of which shall be appointed by the Board of Directors (the "Committee"). The Committee has the discretion to determine the eligible employees who may receive options, the term of the option or the vesting period, the number of shares to which the option pertains, the exercise period, and such other provisions as the Committee shall deem appropriate. The Committee specifies the option exercise price, which shall be the fair market value of a share of Common Stock on the date of the grant or award (the "Option Exercise Price"). Upon the expiration of the term of the option or the vesting period, the stock option grants become exercisable by eligible employees. Unvested options are forfeited upon termination of employment.
5. The Applicant seeks authority to issue, from time to time, in one or more

transactions, up to 1,500,000 shares of Common Stock to those persons exercising options under the provisions of the Plan and/or to those persons being granted shares of Common Stock under the provisions of the Plan, until all of said shares have been sold.

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 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 1,500,000 additional shares of Company Common Stock as proposed in the application is hereby approved and authority is granted. This authority is effective until all of said shares have been issued.

2. Neither the issuance of securities by Applicant pursuant to the provision 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 3rd day of February, 2004, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

BOB ROWE, Chairman

THOMAS J. SCHNEIDER, Vice Chairman

MATT BRAINARD, Commissioner

GREG JERGESON, Commissioner

JAY STOVALL, Commissioner

ATTEST:

Connie Jones
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 ARM 38.2.4806.