

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. D2004.5.78
for Authorization of the Issuance of)	DEFAULT ORDER NO. 6571
up to 6,825,581 additional shares of)	
Common Stock)	

DEFAULT ORDER

On May 24, 2004, MDU Resources Group, Inc. (MDU) filed an application with the Montana Public Service Commission ("Commission") seeking authority to issue up to 6,825,581 additional shares of Company Common Stock as proposed in the application in connection with the MDU Resources Group, Inc. 1997 Executive Long-Term Incentive Program (the "Executive LTIP" 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 June 8, 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. MDU 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. MDU 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. MDU has applied for authorization from the Commission to grant up to an additional 6,825,581 shares of the Company's Common Stock to be issued from time to time in connection with the Executive LTIP. The Executive LTIP permits the grant of awards, including stock options, stock appreciation rights ("SAR"), restricted stock, performance units, performance shares, and other awards (the "Awards"). Applicant seeks authority to issue shares of Company Common Stock underlying or subject to Awards to those persons exercising options under the provisions of the Plan and/or to those persons being granted shares of stock under the provisions of the Plan.

The purpose of the Executive LTIP is to promote the success and enhance the value of the Company by linking the personal interests of officers and key employees to those of the Company's stockholders and customers. The Executive LTIP is further intended to assist the Company in its ability to motivate, attract, and retain highly qualified individuals to serve as officers and key employees of the Company.

The Plan is administered by the Compensation Committee of the Board of Directors or by any other committee appointed by the Board of Directors (the "Committee"). The Committee,

subject to restricting limitations or directions imposed by the Board of Directors and subject to provisions of the Plan, shall have the power to determine the size and types of awards, to determine the terms and conditions of such awards consistent with the Plan, and amend the terms and conditions of any outstanding award. The Plan establishes limits on the number of grants per individual per year.

Employees eligible to participate in the Executive LTIP include all officers and key employees of the Company and its business units, as determined by the Committee, including employees of the Board of Directors, but excluding directors who are not employees.

5. The Applicant seeks authority to issue, from time to time, in one or more transactions, up to 6,825,581 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 6,825,581 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 MDU 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. Nothing in this Order determines the ratemaking treatment which will apply to Common Stock issued pursuant to this application.
4. Issuance of this Order does not constitute acceptance of the MDU'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 8th day of June, 2004, by a vote of 4-1.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

BOB ROWE, Chairman

THOMAS J. SCHNEIDER, Vice Chairman

MATT BRAINARD, Commissioner
(Voting to Dissent)

GREG JERGESON, Commissioner

JAY STOVALL, Commissioner

ATTEST:

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.