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

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

December 19, 2012

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 November 30, 2012 and December 6, 2012. Responses to the following requests are attached:

MCC-009	MCC-059	MCC-100
MCC-013	MCC-060	MCC-101
MCC-021	MCC-062	MCC-103
MCC-033	MCC-066	MCC-104
MCC-036	MCC-067	MCC-107
MCC-037	MCC-068	MCC-109
MCC-041	MCC-077	MCC-111
MCC-042	MCC-081	MCC-133
MCC-054	MCC-099	

The attachments for response numbers MCC-033, MCC-099 through MCC-101, and MCC-103 are being provided on a CD sent to each of the parties.

Sincerely,

Rita A. Mulkern

Rita A. Mulkern
Director of Regulatory Affairs

Attachments
cc: Service List

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

Ms. Kate Whitney, Administrator
Utility Division
Montana Public Service Commission
1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601
kwhitney@mt.gov

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

John Alke
40 West Lawrence, Suite A
PO Box 1166
Helena, MT 59624-1166
johnalke@hksalaw.com

Albert E. Clark
2871 S Conway Rd. 127
Orlando, FL 32812
aclark154@cfl.rr.com

John W. Wilson
J W Wilson & Associates
1601 N Kent Ste. 1104
Arlington, VA 22209
john@jwwa.com

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-009 RE: Adjustment No. 4 - Other Operating Revenues
Witness - Mulkern

A portion of this adjustment is to include late payment revenues of $48,851.

a. Is the $48,851 the actual late payment revenues received during the test year?

b. If it is something other the actual received during the test year, explain the basis of the $48,851.

c. Provide a schedule that shows the actual late payment revenues received during each calendar year from 2009 through 2011 and for 2012 on an actual basis as available to date.

Response:

a. Yes.

b. Not applicable.

c. The late payment revenues for 2009, 2010, 2011 and January through October 2012 were:

2009	$51,553
2010	43,770
2011	45,851
Jan – October 2012	29,391

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-013 RE: Adjustment No. 6 - Labor Expense
Witness - Mulkern

Explain in detail why severance payments made in 2009 are included in a 2011 test year on a pro forma basis.

Response:

The severance payments made in 2009 were in conjunction with the utility integration efforts and resulted in a decrease in labor expense also reflected in this case. Montana-Dakota has reflected one-third of the severance costs, as it did in Docket No. D2010.8.82, to recognize the costs associated with the labor savings over a three year period.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-021 RE: Adjustment No. 7 - Benefits Expense Medical/Dental portion
Witness - Mulkern

a. Please explain why the adjustment is an increase of 0.89% in lieu of the 2.43% shown in the Statement Work Papers Page G-44.

b. Please explain the difference between the per books 2011 gas utility expense as shown on the same Work Paper and the amount shown at Rule 38.5.157, Statement G, page 5 of 15.

Response:

a. The budget is allocated to the business segments (i.e. electric, natural gas). When preparing its rate case, Montana-Dakota reviewed the changes from actual 2011 to the 2012 budget by segment and for the total utility to determine the appropriate percentage increase that most reasonably reflects the expected change. In this case, it was determined that the percentage change for the total utility more accurately reflected what was expected to occur in 2012.

b. The budgeted and actual amounts on Statement Workpapers page G-44 include the expense for Great Plains Natural Gas Co., which is also a division of MDU Resources Group and has the same benefits as Montana-Dakota. The amounts on page G-44 were used to derive a percentage increase which was then applied to Montana expense. The expense on Statement G, page 5 reflects Montana-Dakota expense only.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-033 RE: Adjustment No. 11 - Advertising expense

a. Is it MDU's position that Adjustment No. 11 complies fully with all prior MPSC decisions concerning the inclusion of advertising expenses in a utility's revenue requirement? If not, explain any and all differences between the Company's proposal in this case and prior MPSC decisions.

b. Provide at least ten examples of informational advertising that has been included in the revenue requirement in this case.

Response:

a. Yes. However, in reviewing this response, it was discovered that certain informational advertising expenses were incorrectly categorized and should have been in the promotional category and eliminated. The per books informational advertising expense on Rule 38.5.157, Statement G, page 9 of $29,421 included $9,513 of promotional advertising. The revised adjustment is shown on Attachment A and would result in a pro forma adjustment of a decrease of $41,169.

b. Please see Attachment B for examples of informational advertising. Pages 1-2 are a safety related bill stuffer and page 3 is the telephone book ad. Please see Attachment C on the enclosed CD for electronic examples of two television and one radio safety related advertising. Montana-Dakota does not have ten different examples as the six provided cover all of the informational advertising.

Note - Att. C
is electronic

Revised to eliminate promotional advertising inlcuded in informational category

MONTANA-DAKOTA UTILITIES CO.
ADVERTISING EXPENSE
GAS UTILITY - MONTANA
TWELVE MONTHS ENDING DECEMBER 31, 2011
ADJUSTMENT NO. 11

	Per Books			Pro Forma
	Gas Utility	Montana	Pro Forma 1/	Adjustment
Informational	$105,127	$29,421	$19,014	($10,407)
Promotional	59,631	12,258	0	(12,258)
Institutional	92,168	18,504	0	(18,504)
Total	$256,926	$60,183	$19,014	($41,169)

1/ Eliminates promotional and institutional advertising expenses and informational expenses not applicable to Montana gas operations.

What to do in case of a natural gas leak

Scratch the flame to get a whiff of the strong odor you may smell during a natural gas leak.

In its natural state, natural gas is odorless and colorless. For easy detection, Montana-Dakota injects an odorant called mercaptan into the gas before it is inserted into the distribution system. Mercaptan gives off a foul smell, reminiscent of rotten eggs or sulfur.

In the Community to Serve®

What to do in case of a natural gas leak

A natural gas leak can be dangerous because it increases the risk of fire or explosion. Here are safety rules to follow if you smell the strong odor of mercaptan.

What to do in case of a natural gas leak

In the Community to Serve®

DON'T

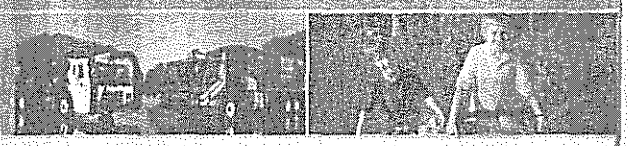
- Turn on or turn off any lights or electrical switches, or unplug appliances.
- Smoke or use lighters, matches or other open flames.
- Turn on or off any battery-powered, rechargeable or electrical device, including phones, garage door openers, radios, TVs, computers or any device that could create a spark.
- Use telephones of any type, including cordless, cell or land line.

DO

- Have occupants exit the building immediately.
- If you are outside, leave the area immediately.
- Go to another place and call Montana-Dakota at 1-800-638-3278.
- Keep away until given the "all clear" from a gas company employee or emergency official.

COMMERCIAL, INDUSTRIAL & RESIDENTIAL WASTE REMOVAL SERVICES

AN ENVIRONMENTAL PARTNER YOU CAN COUNT ON



ALLIED WASTE SERVICES
A Republic Services Company

REPUBLIC SERVICES

Naturally Republic

Ask about our dedication to preserving the environment

Providing the proper container size and collection frequency to ensure efficient waste removal.

- Outstanding Customer Service
- Affordable Competitive Rates
- Same Day Container Delivery
- Complete Range of Recycling Services
- Roll-off Service
- Front Load Service

Have a waste removal question? Call us!

Allied Waste Services
(406) 530-7124
344 Nall Ave., Billings, MT 59101

Allied Waste Billings Recycling
(406) 628-0175
458 Charles St., Billings, MT 59101

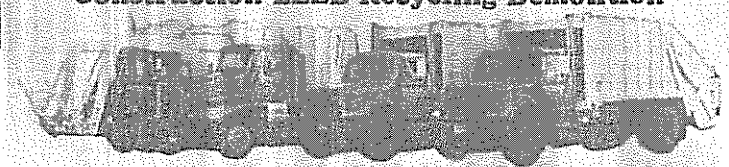
VISA

WWW.REPUBLICSERVICES.COM

MACKENZIE DISPOSAL, INC.

"OUR BUSINESS IS ALWAYS PICKING UP"

Solid Waste Collection • Residential-Commercial
Construction-LEED Recycling-Demolition



95 GALLON RESIDENTIAL CARTS • 2-8 CUBIC YARD DUMPSTERS • ROLL-OFF CONTAINERS

Call Us For Household Cleanup & Construction Jobs

Locally Owned
259-3600
P.O. Box 1116 Billings, MT 59103

Garage Doors & Openers (Cont'd)

Billings (Cont'd)

MAGIC CITY DOORS

MAGIC CITY DOORS
RESIDENTIAL & COMMERCIAL
Sales • Service • Installation
Free Estimates • Licensed • Insured
Lift Master & Door Link Dealer
VISA • M/C
Office 651-0766 • Fax 655-0077
"Where The Customer Always Comes First"
5625 Titan Ave #1

Overhead Door Co Of Southern Montana-Division Of Madsen Door Service Inc
4115 1st Ave S ---------- 259-8807
Please See Ad on Previous Page

Rock Creek Distributing Inc
2307 4th Ave N ---------- 245-1644

Rocky Mountain Doors 1420 Broadwater Av -259-4898

Steorts Garage Doors ---------- 373-9870
Please See Ad on Previous Page

STEVENS DOOR & SPECIALTY CO LLC
---------- 652-2513

Garage Floors Service & Repair

See Concrete Contractors; Also Concrete Repair & Restoration; Also Concrete-Seal & Waterproof; Also Floor-Install, Refinish & Resurface; Also Home Improvements

Find it in the Dex Yellow Pages.

Garages-Builders & Kits

Billings

Bailey Garage Doors 2309 4th Ave N ---------- 656-2905

BROKEN WIRE FENCE & CONSTRUCTION
Pole Barns & Garages
Fence/Agricultural,
Residential, Commercial
406 298 0015

Garages-Cabinets & Organizers

Billings

CLOSET GUY OF BILLINGS
Top Quality Materials
All Work Guaranteed
Home & Office
Call for your Free In Home Consultation
(406) 657-5507

RW Enterprises 123 N 15th ---------- 652-5724

X'Treme Garage Store The 1512 2nd Ave N -652-5555

Garbage Collection & Disposal

See Garbage & Rubbish Collection; Also Landfills & Transfer Sites; Also Recycling Services; Also Scrap Metal-Process & Recycle; Also Waste Disposal; Also Waste Disposal-Hazardous

The Dex Yellow Pages is always available 24 hours a day, 365 days a year - it lets you shop when you want to shop.

Garbage Disposals-Household

Billings

IN-SINK-ERATOR HOUSEHOLD & COMMERCIAL PRODUCTS
FACTORY AUTHORIZED SALES & SERVICE
D L Appliance Service ---------- 406 651-0410

R & R Service And Faucet Repair ---------- 259-4313

Garbage & Rubbish Collection

Big Timber

Allied Waste Services Of North America
19 Timber Ln ---------- 932-5741

Billings

Allied Waste Billings Recycling
458 Charles ---------- 252-5721

Allied Waste Services 344 Nall Ave ---------- 530-7124
Please See Advertisement This Page

City Of Billings 4840 Midland Rd ---------- 657-8260

Earth First Aid ---------- 698-0903

MacKenzie Disposal Inc P O Box 1116 ---------- 259-3600
Please See Advertisement This Page

Garden Centers

Billings

BILLINGS NURSERY & LANDSCAPING
Gifts
www.BillingsNursery.com
2147 Poly Drive ---------- 656-5501

Field Of Dreams Garden Center
3250 Hannon Rd ---------- 256-5403

Gainan's Heights Garden Center
810 Bench Blvd ---------- 248-5029

Heightened Harvests 1415 S 32nd W ---------- 656-1156

Heightened Harvests Gardening Supplies
1415 S 32nd St W ---------- 656-1156

Garden & Lawn Equipment & Supplies

See Lawn Mowers; Also Sprinklers-Garden & Lawn; Also Tractor Dealers

Gas Companies

Toll Free 24/7
Customer Service:
(888) 467-2669
Visit us online at:
www.northwesternenergy.com
Pay your bills,
save energy, get the facts.
NorthWestern Energy
Delivering a Bright Future

Billings

MONTANA-DAKOTA UTILITIES CO
Bellry, Billings, Bridger, Crow Agency, Edgar, Fromberg, Hardin, Joliet, Laurel, Park City, Pryor, Rockvale, Silesia
Emergencies - Customer Service
Billing Inquires
Furnace & Water Heater Repair
1-800-638-3278
Call Before You Dig ---------- 811
www.montana-dakota.com

NorthWestern Energy ---------- 888 467-2669
Please See Advertisement This Page

V-1 Propane 6650 S Frontage Rd ---------- 656-3901

Red Lodge

Northern Energy 1114 Broadway Ave N ---------- 446-2074

Roundup

V-1 Propane 510 8th Ave E ---------- 323-3108

Gas-Industrial, Medical, Etc-Cylinder & Bulk

Billings

AMERICAN WELDING & GAS
320 North 11th St ---------- 256-3330
www.amweldinc.com

Aspen Air US Corp 1524 Lockwood Rd ---------- 259-9014

Gases Plus Norco LLC 899 Parkway Ln ---------- 252-1765

Linde North America ---------- 651-1959

Norco 899 Parkway Ln ---------- 252-5339

With Dex you never have to worry that you missed something important - our Yellow Pages are complete and comprehensive. The Dex Yellow Pages is your guide to making smart decisions by providing you with the most complete information about all the business and stores in your area.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-036 RE: Adjustment No. 12 - Insurance expense
Witness - Mulkern

The testimony that acknowledges this adjustment indicates that the adjustment "reflects the expense at current levels for 2012."

a. What is the basis of the 2012 level that is reflected in this adjustment?

b. Provide copies of insurance invoices for 2011 and for 2012 as available for each policy that is listed in the response to MCC - 034.

c. Provide a schedule that shows the total of the premiums paid for each insurance policy in 2011 and 2012 as available to date along with the allocation/assignment to the gas utility and the allocation/assignment to Montana gas operations.

Response:

a. Please see Statement Workpapers, Statement E, pages E-4 through E-12 for information supporting the adjustment to insurance expense to reflect current levels. The current (2012) premiums and fees were used to calculate the pro forma insurance expense.

b. Montana-Dakota proposes that the documentation be examined as part of the on-side audit, and copies provided at that time, as necessary.

c. Please see Statement Workpapers, Statement E, pages E-4 for a summary of the 2012 insurance premiums and pages E-10 through E-12 for the individual policy premiums for 2011.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-037 RE: Adjustment No. 13 - Industry dues
Witness - Mulkern

a. Is it MDU's position that Adjustment 13 complies fully with all prior MPSC decisions concerning the inclusion of association dues in a utility's revenue requirement? If not, explain any and all differences between the Company's proposal in this case and prior MPSC decisions.

b. Indicate which association dues have been allocated to Montana gas operations and explain and document that allocation.

c. Explain and document the portion of the American Gas Association dues that have been excluded per footnote 1, Rule 38.5.157, Statement G, page 11 of 15.

d. Explain and document the portion of the Midwest Energy Association dues that have been excluded per that same footnote.

Response:

a. Yes, lobbying expenses associated with American Gas Association (AGA) dues are excluded from the amount recorded in industry dues and Montana-Dakota has excluded 40 percent of dues associated with Chamber of Commerce dues.

b. All dues on Statement G, page 16 were directly assigned to Montana except the AGA, United Telecom Council, Midwest Region Gas Task Force, Midwest Energy Association, and Other dues. These items were allocated to Montana on O&M excluding the cost of gas and A&G.

c. The amounts associated with lobbying are directly recorded in Account 426.4 Please see Attachment A, which shows that seven percent of AGA dues were recorded in Account 426.4.

d. None of the membership dues for Midwest Energy Association, Inc. are spent on lobbying or other legislative efforts.

File # 389973

AMERICAN GAS ASSOCIATION

Invoice # 70992

Invoice
for
Montana-Dakota Utilities Co.

September 26, 2011

Mr. Patrick Davenport
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501-4092

October Business

DESCRIPTION		AMOUNT
Dues for 2011 membership year: $285,276.00		
Fourth Quarterly Payment	98500.5912.293077 16,913.30	$71,319.00
	1 1 4264000 1,273.04	
CNG	1.1460.0471 33,020.70	
IGC	1.1460.0481 20,111.96	
	pmd. 10/4/11	

REMIT PAYMENT WITH DUPLICATE COPY OF INVOICE TO:

AMERICAN GAS ASSOCIATION
Post Office Box 79226
Baltimore, MD 21279-0226
Telephone (202) 824-7256
Fax (202) 824-9156

OK TO PAY,
Dave Koehn
10/4/2011

IMPORTANT IRS REQUIRED NOTICE

Federal regulations require us to advise you that contributions or gifts to the American Gas Association are not deductible as charitable contributions for federal income tax purposes. Dues payments are usually deductible by members as an ordinary and necessary business expense. The American Gas Association expects that a portion of your dues may be used to influence legislation. **It is estimated that approximately seven percent of your dues may be non-deductible as an ordinary and necessary business expense.** The Association will inform you if the actual non-deductible amount materially exceeds this estimate.

Dues include a one-year subscription to *American Gas*, the normal subscription rate for which is $59.00 per year for U.S. and Canadian subscribers and $110.00 per year for international subscribers.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-041 RE: Depreciation rates
Witness - Mulkern

The depreciation and amortization rates, by account, are shown on Rule 38.5.165, Statement I, pages 3 and 4 of 12.

Have all (or any) of these depreciation and amortization rates been approved for use by the Montana Public Service Commission? Explain.

Response:

The proposed gas rates have not yet been reviewed or approved by the Commission. The common depreciation rates were included in Docket No. 2010.8.82.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-042 RE: Depreciation expense
Witness - Mulkern

Rule 38.5.165, Statement I, page 1 of 12 shows a pro forma adjustment to depreciation expense of $1,412,304. Rule 38.5.165, Statement I, page 5 of 12 shows $550,295 of depreciation expense associated with plant additions. Is it correct to state that the difference between these amounts, i.e., $862,009, is related to the application of new proposed depreciation rates to existing 2011 plant? If not, please explain why not.

Response:

No. The $550,295 of depreciation expense on plant additions represents a full year of expense on the plant additions. However, Montana-Dakota's pro forma depreciation expense is based on average pro forma plant, which means that approximately one-half of the depreciation expense on plant additions is included in the pro forma depreciation expense. The remainder of the increase is due to a combination of the proposed depreciation rates along with the full effect of the changes in plant between December 31, 2010 and December 31, 2011.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-054 RE: Adjustment A - Plant additions
Witness - Mulkern

a. For each of the items listed on Rule 38.5.124, Statement C, pages 6 and 7 of 7 that are not 100% assigned to Montana, provide a detailed explanation of the method used to allocate/assign the "Total Company" amount to "Montana".

b. Provide all work papers, analyses, memos and other documentation that support each of these allocations/assignments.

Response:

a. Plant additions on Statement C, pages 6 and 7 are assigned or allocated to Montana based on the function and location of the project and are allocated in the same manner as plant in service is assigned or allocated. Please see Attachment A for the list of plant additions and how each project was allocated.

b. Please see Attachment A. Please see Response No. MCC-018, Attachment A, Appendix C for the allocation factors.

MONTANA-DAKOTA UTILITIES CO.
2012 PLANT ADDITIONS
GAS UTILITY - MONTANA

Project No.	Acct. #	Description	Montana	Region	Factor No.	Factor Description
		Production				
J189385	320	Landfill Gas Field Expansion	$24,906	Rocky Mountain	124	Total Company Normalized Gas Sales Volumes excluding Great Plains
		Total Production	$24,906			
		Distribution				
B11230R,B15230R	376	Replace Mains	$504,015	Rocky Mountain/Badlands	Direct	
J176140, J192226	376	Replace Main - Belfry	90,010	Rocky Mountain	Direct	
J177092	376	Replace Phase 3 Loop - Glendive	55,917	Badlands	Direct	
J177093	376	Replace Phase 2 Loop - Wibaux	39,142	Badlands	Direct	
J177163	376	Replace 4" Main on Bench - Billings	22,506	Rocky Mountain	Direct	
J190553	376	Replace Main Ave B East - Billings	129,305	Rocky Mountain	Direct	
J192403	376	Install Mains and Services - Billings	31,853	Rocky Mountain	Direct	
J194149	376	Replace Mains Rimrock Road area - Billings	482,100	Rocky Mountain	Direct	
B11234, B15234	378	Measuring and Regulating Equipment	26,647	Rocky Mountain/Badlands	Direct	
B11233, B15233	380	Service Lines	969,829	Rocky Mountain/Badlands	Direct	
J190554	380	Replace Main Ave B-E Services - Billings	180,002	Rocky Mountain	Direct	
B90031	381	Meters	395,073	General Office	115	Gas Sales & Transport Meters
B90032	383	Regulators	42,090	General Office	115	Gas Sales & Transport Meters
B11235, B15235	387.1	Cathodic Protection	107,305	Rocky Mountain/Badlands	Direct	
		Total Distribution	$3,075,794			
		General				
B90038	392.2	Gas Vehicles	$139,603	General Office	40	Gas Plant Excl. General Office
B11243, B15243	394.1	Minor Work Equipment	64,203	Rocky Mountain/Badlands	Direct	
B90039	396.2	Gas Work Equipment	347,473	Rocky Mountain	Direct	
B11244	397.1	Communication Equipment - Billings	11,546	Rocky Mountain	Direct	
		Total General	$562,825			
		Common				
J177018	390	Replace Transportation Building Roof	$4,947	General Office	240	Gas Plant Excl. General Office and Great Plains
J177021	390	Install Valves-Thermo - Annex	13,564	General Office	40	Gas Plant Excl. General Office
J177165	390	Purchase backup Generator - Glendive	19,077	Badlands	Direct	
J177166	390	Replace siding front of Wolf Point office	4,059	Badlands	Direct	
J177168	390	Hydraulic gate for Dickinson Service Center	5,011	Badlands	152	Badlands Reg. Comp. Gas Cust. Cnt. & Dis
J177176	390	Replace roof of Dickinson office	7,138	Badlands	152	Badlands Reg. Comp. Gas Cust. Cnt. & Dis
J177035	391.1	Purchase Tandem Storage Units	4,027	General Office	40	Gas Plant Excl. General Office
J177042	391.1	Purchase Color Copier	15,797	General Office	40	Gas Plant Excl. General Office
J177043	391.1	Purchase B/W Copier	19,592	General Office	40	Gas Plant Excl. General Office
J177063	391.1	Purchase Bill Printer	29,594	General Office	40	Gas Plant Excl. General Office
B15282, B90082	391.1	Office Equipment	14,964	Badlands/General Office	152 & 40	Badlands Reg. Comp. Gas Cust. Cnt. & Dis Gas Plant Excl. General Office

MONTANA-DAKOTA UTILITIES CO.
2012 PLANT ADDITIONS
GAS UTILITY - MONTANA

Project No.	Acct. #	Description	Montana	Region	Factor No.	Factor Description
B90080	391.3	Personal Computers	30,326	General Office	40	Gas Plant Excl. General Office
J144522	391.3	Purchase 50 replacement MDTs	16,340	General Office	40	Gas Plant Excl. General Office
J190782	391.3	Add Oracle Exadata Platforms	10,846	General Office	40	Gas Plant Excl. General Office
B90078	392.2	Vehicles	66,479	General Office	40	Gas Plant Excl. General Office
B15283, B90083	394.1	Minor Work Equipment	14,211	Badlands/General Office	152 &	Badlands Reg. Comp. Gas Cust. Cnt. & Dist. Plt.
					40	Gas Plant Excl. General Office
B15244, B15284,	397.1	Communication Equipment	63,425	Badlands/General Office	152 &	Badlands Reg. Comp. Gas Cust. Cnt. & Dist. Plt.
B90084					40	Gas Plant Excl. General Office
J177192	397.3	Replace General Office Phone System	47,553	General Office	40	Gas Plant Excl. General Office
J177193	397.3	Replace Call Record System - Call Center	10,821	General Office	40	Gas Plant Excl. General Office
B90081	397.8	Network Equipment	2,217	General Office	40	Gas Plant Excl. General Office
J157230	397.8	Install Network &Comm. Equip.- AMR	3,278	General Office	40	Gas Plant Excl. General Office
J177134	397.8	Purchase Polycom units for Conf.Rooms	2,984	General Office	40	Gas Plant Excl. General Office
J177020	398	Purchase CTP Equipment - Print Shop	7,505	General Office	40	Gas Plant Excl. General Office
J177074	398	Purchase DC645 Cut/CRSR	3,175	General Office	40	Gas Plant Excl. General Office
J177132	398	Replace UPS Battery	562	General Office	40	Gas Plant Excl. General Office
J177167	398	Purchase Ice Maker - Wolf Point	978	Badlands	Direct	
J177169	398	Purchase Ice Machine - Dickinson	347	Badlands	152	Badlands Reg. Comp. Gas Cust. Cnt. & Dist. Plt.
J177132	398	Purchase Pressure Washer - Dickinson	561	Badlands	152	Badlands Reg. Comp. Gas Cust. Cnt. & Dist. Plt.
		Total Common	$419,378			
		Common - Intangible				
J165746	303	Replace Mobile Workforce Software	$95,402	General Office	40	Gas Plant Excl. General Office
J172806	303	Replace Customer Info System	4,937,603	General Office	86	Total Co. Gas Sales & Transp. Customers
J176834	303	Purchase/Deploy ARCGIS Mobile	41,034	General Office	40	Gas Plant Excl. General Office
J176841	303	Purchase Automated Vehicle Loc. Software	19,900	General Office	40	Gas Plant Excl. General Office
J177281	303	Purchase Powerplan Software	130,262	General Office	40	Gas Plant Excl. General Office
J181432	303	Purchase IVR-Web Direct	45,170	General Office	40	Gas Plant Excl. General Office
			$5,269,371			
Total Plant Additions			$9,352,274			

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-059 RE: Statement E, Adjustment D - Gas in underground storage
Witness - Mulkern

Provide a schedule that shows the "planned injections and withdrawals" for each month from July 2012 through December 2012. This schedule should show the volumes and the prices.

Response:

Please see the Statement Workpapers, page E-2.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-060 **RE: Statement E, Adjustment D - Gas in underground storage**
Witness - Mulkern

a. Provide a schedule that shows actual injections and withdrawals for each month from January 2010 through December 2011.

b. Provide a detailed explanation as to how the gas in underground storage could have a negative balance for the months of February, March, April and May of 2011.

c. In general, what method of valuation does the gas utility use to cost its gas in underground storage?

Response:

a. Please see Attachment A.
b. Under Last-in First out (LIFO) accounting, gas that is withdrawn in January through April each year is priced at the expected summer replacement cost. In 2011, the expected summer replacement cost per dk was greater than the actual cost per dk, resulting in a negative storage balance until the gas is replaced.
c. Montana-Dakota uses a Last-in First out (LIFO) method for accounting for gas in underground storage.

MONTANA-DAKOTA UTILITES CO.
GAS UTILITY
STORAGE INJECTIONS AND WITHDRAWALS
JANUARY 2010 - DECEMBER 2011

	Dk	
	Injections	Withdrawals
January 2010		2,981,539
February		2,523,655
March		736,234
April	339,997	
May	811,597	
June	1,546,986	
July	1,982,510	
August	2,184,681	
September	1,748,666	
October	1,177,991	
November		1,086,842
December		2,545,578
January 2011		3,016,717
February		2,668,958
March		1,480,552
April		58,715
May	1,019,263	
June	1,835,933	
July	2,223,979	
August	2,316,373	
September	2,534,479	
October	1,428,029	
November		1,304,941
December		2,079,903

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-062 RE: Statement E, Adjustment E - Prepaid insurance
Witness - Mulkern

a. Provide a schedule that shows actual prepaid insurance balances for each month from July 2012 through the most recent available.

b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of these amounts to the gas utility - Montana.

Response:

a. The Prepaid Insurance balances for Montana gas operations for July 2012 to October 2012 were:

July	$113,583
August	91,130
September	68,677
October	52,073

b. Please see Statement Workpapers, Statement E, pages E-4.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-066 RE: Statement E, Adjustment H - Pensions and benefits
Witness - Mulkern

a. Since the provision for pensions and related deferred income taxes would appear to be labor related, provide an explanation as why the Company used a net plant allocator for these items.

b. In the Company's last gas base rate case in Montana, the Company used a gross plant allocator for this item. Why did the Company change from a gross plant allocator to a net plant allocator?

Response:

a. Please see Response No. MCC-064.
b. The Company changed to use a net plant factor as a generally applicable factor.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-067 RE: Statement E, Adjustment I - Injuries and damages
Witness - Mulkern

a. Provide an explanation as why this adjustment does not reflect the balance as of December 31, 2012 – and therefore the average balance of 2012 – as was done for other rate base components.

b. Provide the actual balance of the provision for injuries and damages for each month from January 2011 through the most recent month available.

c. Provide the estimated balance of the provision for injuries and damages for each month from January 2012 through December 31, 2012.

Response:

a. Montana-Dakota used the same method as used in prior case, which was a beginning and ending average.
b. Please see Attachment A.
c. Please see Attachment A.

MONTANA-DAKOTA UTILITIES CO.
PROVISION FOR INJURIES AND DAMAGES
ELECTRIC UTILITY - TOTAL COMPANY
JANUARY 2011 - NOVEMBER 2012

Actual Balances	Provision for Injuries and Damages
January 2011	($916,193)
February	(885,543)
March	(876,297)
April	(847,398)
May	(826,400)
June	(747,153)
July	(731,239)
August	(722,339)
September	(698,427)
October	(633,184)
November	(619,787)
December	(568,573)
January 2012	($488,043)
February	(500,000)
March	(469,515)
April	(458,646)
May	(547,112)
June	(526,179)
July	(508,093)
August	(498,060)
September	(500,000)
October	(488,919)
November	(481,347)
December - est.	(481,347)

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-068 RE: Statement E, Adjustment I - Injuries and damages
Witness: - Mulkern

a. Provide an explanation as why the allocation to gas utility is based on "insurance expense" and the allocation to Montana is based on "net plant."

b. Provide all work papers, analyses, memos and other documentation that support both of these allocations.

c. The Company's last gas base rate case in Montana used a gross plant allocation factor to allocate a portion of the gas utility to Montana. Why did the Company change to a net plant allocator in this case?

Response:

a. The provision for injuries and damages is allocated to the gas utility using the same factor as is used to allocate the expense, as each policy is allocated individually between electric and gas. On a jurisdictional basis, Montana-Dakota used net plant as a generally applicable factor to allocate the balances.

b. Please see Statement Workpapers, Statement E, page E-23.

c. The Company changed to a net plant factor because insurance expense is primarily applicable to plant and net plant was used as a generally applicable plant factor.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-081 RE: Common Equity
Witness: Garret Senger

Referencing your testimony at page 6, lines 5-7, and lines 14-18: Are the $29 million and $25 million amounts public offerings? If so, please provide the prospectuses. If not please explain how these amounts are obtained, and also provide prospectuses for MDU Resources' last two public equity offerings. Also provide any estimated dates and amounts for any planned or anticipated public stock offerings.

Response:

The $29 million received in 2009 was part of a Dribble program and the agreement is provided as Attachment A. The 2012 addition will be a capital contribution from MDU Resources Group, Inc. so there is no associated prospectus.

A copy of the prospectuses from the Company's 2004 and 2002 public offerings is provided as Attachment B. The Company does not have any planned or anticipated public stock offerings at this time.

EX-1 2 exh_1.htm SALES AGENCY FINANCING AGREEMENT

EXHIBIT 1

Sales Agency Financing Agreement

Sales Agency Financing Agreement (this "Agreement"), dated as of September 5, 2008 between MDU Resources Group, Inc., a Delaware corporation (the "Company"), and Wells Fargo Securities, LLC ("Wells Fargo").

W I T N E S S E T H:

WHEREAS, the Company has authorized and proposes to issue and sell in the manner contemplated by this Agreement up to 5,000,000 Common Shares upon the terms and subject to the conditions contained herein; and

WHEREAS, Wells Fargo has been appointed by the Company as its agent to sell the Common Shares and agrees to use its commercially reasonable efforts to sell the Common Shares offered by the Company upon the terms and subject to the conditions contained herein; and

WHEREAS, the Company and Wells Fargo are parties to a Sales Agency Financing Agreement, dated as of July 27, 2006, as amended by an Amendment to Sales Agency Financing Agreement, dated as of June 25, 2007 (collectively, the "Prior Agreement"), and desire that the Prior Agreement be terminated simultaneously with the effectiveness of this Agreement.

NOW THEREFORE, in consideration of the premises, representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Certain Definitions. For purposes of this Agreement, capitalized terms used herein and not otherwise defined shall have the following respective meanings:

"Actual Sold Amount" means the number of Issuance Shares that Wells Fargo has sold during the Selling Period.

"Affiliate" of a Person means another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first- mentioned Person. The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agency Trigger Event" has the meaning set forth in Section 4.12.

"Closing" has the meaning set forth in Section 2.02.

"Closing Date" means the date on which the Closing occurs.

"Comfort Letter Trigger Event" has the meaning set forth in Section 4.08.

"Commission" means the United States Securities and Exchange Commission.

"Commitment Period" means the period commencing on the date of this Agreement and expiring on the earliest to occur of (x) the date on which Wells Fargo shall have distributed the Maximum Program Amount pursuant to this Agreement, (y) the date this Agreement is terminated pursuant to Article VII and (z) May 28, 2011.

"Common Shares" shall mean shares of the Company's Common Stock issued or issuable pursuant to this Agreement.

"Common Stock" shall mean the Company's Common Stock, $1.00 par value per share, including the Rights appurtenant thereto, if any.

"Daily Floor Price" means the prior Trading Day's closing price on the New York Stock Exchange, less $1.00, below which Wells Fargo shall not sell Common Shares during a particular Trading Day.

"DWAC" has the meaning set forth in Section 2.05.

"EDGAR" shall mean the Commission's Electronic Data Gathering, Analysis and Retrieval system.

"Effective Date" has the meaning set forth in Section 3.03.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Data" has the meaning set forth in the definition of "Monthly Floor Price Computation."

"Issuance" means each occasion the Company elects to exercise its right to deliver an Issuance Notice requiring Wells Fargo to use its commercially reasonable efforts to sell the Common Shares as specified in such Issuance Notice, subject to the terms and conditions of this Agreement.

"Issuance Amount" means the aggregate number of Issuance Shares to be distributed by Wells Fargo with respect to any Issuance, which may not exceed 75,000 Common Shares during any Trading Day during any Selling Period, without the prior written consent of Wells Fargo, which may be withheld in its sole discretion.

"Issuance Date" means any Trading Day during the Commitment Period that an Issuance Notice is deemed delivered pursuant to Section 2.03(b) hereof.

"Issuance Notice" means a written notice to Wells Fargo delivered in accordance with this Agreement in the form attached hereto as Exhibit A.

"Issuance Price" means the Sales Price less the Selling Commission.

"Issuance Shares" means all shares of Common Stock issued or issuable pursuant to an Issuance that has occurred or may occur in accordance with the terms and conditions of this Agreement.

"Issuance Supplement" has the meaning set forth in Section 3.01.

"Material Adverse Effect" means a material adverse effect on the business, earnings, assets, operations, properties, or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, or any material adverse effect on the Company's ability to consummate the transactions contemplated by, or to execute, deliver and perform its obligations under, this Agreement.

"Material Subsidiary" has the meaning set forth in Section 3.05.

"Maximum Program Amount" means 5,000,000 Common Shares.

"Monthly Floor Price" means the price computed by the Company pursuant to the Monthly Floor Price Computation and specified in the Issuance Notice (and if the applicable Selling Period extends into a second calendar month, updated in an amendment to the Issuance Notice to be delivered by the Company to Wells Fargo before the Principal Market opens for trading on the first Trading Day of such calendar month), below which Wells Fargo shall not sell Common Shares on any Trading Day during the Selling Period in such calendar month.

"Monthly Floor Price Computation" means a price, calculated by the Company (from New York Stock Exchange data furnished by Wells Fargo (the "Exchange Data")) before the New York Stock Exchange opens for trading on the first Trading Day of each calendar month, equal to 90% times the arithmetic average of (i) the last three-month closing high price for the Common Stock, (ii) the last three-month closing low price for the Common Stock, (iii) the last three-month average daily closing price for the Common Stock, (iv) the 52-week closing high price for the Common Stock, (v) the 52-week closing low price for the Common Stock, and (vi) the most frequently traded closing price for the Common Stock (mode) during the last three months.

"Opinion Trigger Event" has the meaning set forth in Section 4.07.

"Person" means an individual or a corporation, partnership, limited liability company, trust, incorporated or unincorporated association, joint venture, joint stock company, governmental authority or other entity of any kind.

"Principal Market" means the New York Stock Exchange.

"Prospectus" has the meaning set forth in Section 3.01.

"Registration Statement" has the meaning set forth in Section 3.01.

"Representation Date" has the meaning set forth in the initial paragraph of Article III.

"Rights" means the preference share purchase rights issued pursuant to the Rights Agreement, dated as of November 12, 1998, as amended (including by any certificate of adjustment), between the Company and Wells Fargo Bank Minnesota, N.A. (formerly known as Norwest Bank Minnesota, N.A.), as Rights Agent.

"Sales Price" means the actual sale execution price of each Common Share (not less than par value) sold by Wells Fargo on the Principal Market (or, in Wells Fargo's sole discretion, any other exchange on which the Common Stock is then listed or admitted to trading or to or through a market maker or through an electronic communications network) hereunder in the case of ordinary brokers' transactions, or as otherwise agreed by the parties in other methods of sale.

"Securities Act" means the Securities Act of 1933, as amended.

"Selling Commission" means 0.75% of the Sales Price.

"Selling Period" means the period of one to twenty consecutive Trading Days (as determined by the Company in its sole discretion and specified in the applicable Issuance Notice) following the Trading Day on which an Issuance Notice is delivered or deemed to be delivered pursuant to Section 2.03(b) hereof.

"Settlement Date" means the third (3rd) Trading Day immediately following the sale of any Issuance Shares pursuant to this Agreement.

"Subsidiary" has the meaning set forth in Section 3.05.

"Trading Day" means any day which is a trading day on the New York Stock Exchange, other than a day on which trading is scheduled to close prior to its regular weekday closing time.

"Utility Regulatory Agencies" has the meaning set forth in Section 3.08.

"Voting Stock" of any Person as of any date means the capital stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

ARTICLE II
SALE OF COMMON STOCK

Section 2.01 Issuance. (a) Upon the terms and subject to the conditions of this Agreement, the Company may sell Common Shares through Wells Fargo and Well Fargo shall use its commercially reasonable efforts to sell Common Shares, up to the Maximum Program Amount, based on and in accordance with such number of Issuance Notices as the Company, in its sole discretion, shall choose to deliver during the Commitment Period until the aggregate number of Common Shares sold under this Agreement equals the Maximum Program Amount or this Agreement is otherwise terminated. Subject to the foregoing and the other terms and conditions of this Agreement, upon the delivery of an Issuance Notice, and unless the sale of the Issuance Shares described therein has been suspended, cancelled or otherwise terminated in accordance with the terms of this Agreement, Wells Fargo will use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Issuance Shares up to the Issuance Amount specified in such Issuance Notice on the Principal Market (or, in Wells Fargo's sole discretion, any other exchange on which the Common Stock is then listed or admitted for trading or to or through a market maker or through an electronic communications network), and otherwise in accordance with the terms of such Issuance Notice. Wells Fargo will provide written confirmation to the Company no later than the opening of the Trading Day next following the Trading Day on which it has made sales of Issuance Shares hereunder setting forth the portion of the Actual Sold Amount for such Trading Day, the corresponding Sales Price or Prices and the Issuance Price or Prices payable to the Company in respect thereof. Wells Fargo may sell Issuance Shares in the manner described in Section 2.01(b) herein. The Company acknowledges and agrees that (i) there can be no assurance that Wells Fargo will be successful in selling Issuance Shares and (ii) Wells Fargo will incur no liability or obligation to the Company or any other Person if it does not sell Issuance Shares for any reason other than a failure by Wells Fargo to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Issuance Shares as required under this Section 2.01. In acting hereunder, Wells Fargo will be acting as agent for the Company and not as principal.

(b) Method of Offer and Sale. The Common Shares may be offered and sold by any method permitted by law deemed to be an "at-the-market offering" as defined in Rule 415 under the Securities Act, including sales made directly on the Principal Market (or, in Wells Fargo's sole discretion, any other exchange on which the Common Stock is then listed or admitted to trading) or sales made to or through a market maker or through an electronic communications network.

(c) Issuances. Upon the terms and subject to the conditions set forth herein, on any Trading Day as provided in Section 2.03(b) hereof during the Commitment Period on which the conditions set forth in Sections 5.01 and 5.02 hereof have been satisfied, the Company may exercise an Issuance by the delivery of an Issuance Notice, executed by the Chief Executive Officer, the President, any Vice President or any other officer of the Company so designated in writing by the Chief Executive Officer for this purpose (each, an "Authorized Officer"), to Wells Fargo. The number of Issuance Shares that Wells Fargo shall use its commercially reasonable efforts to sell pursuant to such Issuance shall not exceed the Issuance Amount. Each sale of Issuance Shares will be settled on the applicable Settlement Date following such sale.

Section 2.02 Effectiveness. The effectiveness of this Agreement (the "Closing") shall be deemed to take place upon the execution and delivery of this Agreement by the parties hereto, and simultaneously with the Closing, the Prior Agreement shall be deemed to be terminated (subject to the survival of the provisions that, by their terms, survive such termination).

(a) At the Closing, the following closing transactions shall take place, each of which shall be deemed to occur simultaneously with the Closing: (i) the Company shall deliver to Wells Fargo a certificate executed by the Secretary of the Company, signing in such capacity, dated the date of the Closing: (A) certifying that attached thereto are true and complete copies of the resolutions duly adopted by the Board of Directors of the Company authorizing the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (including, without limitation, the issuance of the Common Shares pursuant to this Agreement), which authorization shall be in full force and effect on and as of the date of such certificate and (B) certifying and attesting to the office, incumbency, due authority and specimen signatures of each Person who executed the Agreement for or on behalf of the Company; and (ii) the Company shall pay the expenses set forth in Section 9.02(ii), (iv) and (viii) hereof by wire transfer to the account designated by Wells Fargo in writing prior to the Closing.

(b) In addition, on or before the date the Company delivers its first Issuance Notice (and as a condition to such delivery), the following transactions shall take place: (w) the Company shall deliver to Wells Fargo a certificate executed by the Chief Executive Officer, the President or any Vice President of the Company and by the Chief Financial Officer of the Company, signing in such capacity, dated on or before the date of such Issuance Notice, confirming that the representations and warranties of the Company contained in this Agreement are true and correct in all material respects and that the Company has performed in all material respects all of its obligations hereunder to be performed on or prior to such date and as to the matters set forth in Section 5.01(a) hereof; (x) Thelen Reid Brown Raysman & Steiner LLP, special counsel to the Company, shall deliver to Wells Fargo an opinion, dated the date on or before such date and addressed to Wells Fargo, substantially in the form of Exhibit B-1 attached hereto and Paul K. Sandness, Esq., General Counsel and Secretary of the Company, shall deliver to Wells Fargo an opinion, dated on or before such date and addressed to Wells Fargo, substantially in the form of Exhibit B-2 attached hereto; (y) Deloitte & Touche LLP shall deliver to Wells Fargo a letter, dated on or before such date, in form and substance reasonably satisfactory to Wells Fargo; and (z) the Company shall pay all expenses set forth in Section 9.02(ii), (iv) and (viii) hereof which have not previously been paid pursuant to Section 2.02(a) hereof, by wire transfer to the account designated by Wells Fargo in writing prior to such date.

Section 2.03 Mechanics of Issuances. (a) Issuance Notice. On any Trading Day during the Commitment Period, subject to compliance with Section 2.02(b), the Company may deliver an Issuance Notice to Wells Fargo, subject to the satisfaction of the conditions set forth in Sections 5.01 and 5.02; provided, however, that (1) the Issuance Amount for each Issuance as designated by the Company in the applicable Issuance Notice shall in no event exceed the product of (x) 75,000 times (y) the number of Trading Days in the Selling Period without the prior written consent of Wells Fargo, which may be withheld in its sole discretion, (2) in no event shall Wells Fargo sell more than 1,500 Common Shares in any one order during any given Selling Period unless otherwise expressly authorized by the Company, and (3) notwithstanding anything in this Agreement to the contrary, Wells Fargo shall have no further obligations with respect to any Issuance Notice if and to the extent the aggregate number of Issuance Shares sold pursuant thereto, together with the aggregate number of Common Shares previously sold under this Agreement, shall exceed the Maximum Program Amount.

(b) Delivery of Issuance Notice. An Issuance Notice shall be deemed delivered on the Trading Day that it is received by e-mail notice, facsimile or otherwise (and the Company confirms such delivery by e-mail notice, facsimile or by telephone (including voicemail message)) by Wells Fargo. No Issuance Notice may be delivered other than on a Trading Day during the Commitment Period.

(c) Floor Prices. Wells Fargo shall not sell Common Shares on any particular Trading Day below the applicable Daily Floor Price, and shall not sell Common Shares during any Selling Period below the applicable Monthly Floor Price. Wells Fargo shall furnish the Company with the Exchange Data, and the Company shall provide written confirmation to Wells Fargo of the applicable Monthly Floor Price, before the New York Stock Exchange opens for trading on the first Trading Day of each calendar month. Wells Fargo makes no representation or warranty as to the accuracy or completeness of the Exchange Data, and Wells Fargo will incur no liability or obligation to the Company or any other Person based on or relating to the Exchange Data or any inaccuracies therein.

(d) Determination of Issuance Shares to be Sold. The number of Issuance Shares to be sold by Wells Fargo with respect to any Issuance shall be the Actual Sold Amount during the Selling Period.

(e) Trading Guidelines. Wells Fargo may, to the extent permitted under the Securities Act and the Exchange Act, purchase and sell Common Stock for its own account while this Agreement is in effect provided that (i) no such purchase or sale shall take place while an Issuance Notice is in effect (except to the extent Wells Fargo may engage in sales of Issuance Shares purchased or deemed purchased from the Company), (ii) in no circumstances shall Wells Fargo have a short position in the Common Stock for its own account and (iii) the Company shall not be deemed to have authorized or consented to any such purchases or sales by Wells Fargo. In addition, the Company hereby acknowledges and agrees that Wells Fargo's affiliates, subject to compliance with Regulation M under the Exchange Act, may make markets in the Common Stock or other securities of the Company, in connection with which they may buy and sell, as agent or principal, for long or short account, shares of Common Stock or other securities of the Company, at the same time Wells Fargo is acting as agent pursuant to this Agreement.

Section 2.04 Use of Free Writing Prospectuses. Neither the Company nor Wells Fargo has prepared, used, referred to or distributed, or will prepare, use, refer to or distribute, without the other party's prior written consent, any "written communication" which constitutes a "free writing prospectus" as such terms are defined in Rule 405 under the Securities Act.

Section 2.05 Settlements. Subject to the provisions of Article V, on or before each Settlement Date, the Company will, or will cause its transfer agent to, electronically transfer the Issuance Shares being sold by crediting Wells Fargo or its designee's account at The Depository Trust Company through its Deposit Withdrawal at Custodian System ("DWAC"), or by such other means of delivery as may be mutually agreed upon by the parties hereto and, concurrently with the receipt of such Issuance Shares, which in all cases shall be freely tradable, transferable, registered shares in good deliverable form, Wells Fargo will deliver the related Issuance Price in same day funds to an account designated by the Company. If the Company defaults in its obligation to deliver Issuance Shares on a Settlement Date, the Company agrees that it will (i) hold Wells Fargo harmless against any loss, claim, damage or expense (including, without limitation, penalties, interest and reasonable legal fees and expenses), as incurred, arising out of or in connection with such default by the Company, and (ii) pay to Wells Fargo any Selling Commission to which it would otherwise have been entitled absent such default. The individuals listed on Schedule I hereto shall be the contact persons for all matters related to the settlement of the transfer of the Issuance Shares through DWAC for purposes of this Section 2.05.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to, and agrees with, Wells Fargo that as of the Closing Date, as of the date of delivery of each Issuance Notice by the Company, as of each Settlement Date and as of any time that the Registration Statement or the Prospectus shall be amended or supplemented (each of the times referenced above is referred to herein as a "Representation Date"), except as may be disclosed in the Prospectus on or before a Representation Date:

Section 3.01 Registration. The Common Stock is registered pursuant to Section 12(b) of the Exchange Act and is currently listed and quoted on the Principal Market under the trading symbol "MDU", and the Common Shares have been listed on the Principal Market, subject to notice of issuance. The Company (i) meets the requirements for the use of Form S-3 under the Securities Act and the rules and regulations thereunder for the registration of the transactions contemplated by this Agreement and (ii) has been subject to the requirements of Section 12 of the Exchange Act and has timely filed all the material required to be filed pursuant to Sections 13 and 14 of the Exchange Act for a period of more than 12 calendar months. The Company has filed with the Commission a registration statement on Form S-3 (Registration No. 333-151215), for the registration of an unspecified amount of securities, including Common Shares, under the Securities Act and the offering thereof from time to time pursuant to Rule 415 promulgated by the Commission under the Securities Act. Such registration statement, as amended, and the prospectus constituting a part of such registration statement, together with the Prospectus Supplement (as defined in Section 5.01(k)) and any pricing supplement relating to a particular issuance of the Issuance Shares (each, an "Issuance Supplement"), including all documents incorporated or deemed to be incorporated therein by reference pursuant to Item 12 of Form S-3 under the Securities Act, in each case, as from time to time amended or supplemented, are referred to herein as the "Registration Statement" and the "Prospectus," respectively, except that if any revised prospectus is provided to Wells Fargo by the Company for use in connection with the offering of the Common Shares that is not required to be filed by the Company pursuant to Rule 424(b) promulgated by the Commission under the Securities Act, the term "Prospectus" shall refer to such revised prospectus from and after the time it is first provided to Wells Fargo for such use. Promptly after the execution and delivery of this Agreement, the Company will prepare and file the Prospectus Supplement relating to the Issuance Shares pursuant to Rule 424 (b) promulgated by the Commission under the Securities Act, as contemplated by Section 5.01(k) of this Agreement. As used in this Agreement, the terms "amendment" or "supplement" when applied to the Registration Statement or the Prospectus shall be deemed to include the filing by the Company with the Commission of any document under the Exchange Act after the date hereof that is or is deemed to be incorporated therein by reference.

Section 3.02 Incorporated Documents. The documents incorporated or deemed to be incorporated by reference in the Registration Statement and the Prospectus pursuant to Item 12 of Form S-3 (collectively, the "Incorporated Documents"), as of the respective dates they were or hereafter are filed with the Commission under the Exchange Act, conformed, or will conform, as the case may be, in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission promulgated thereunder, and, when read together with the other information contained in or incorporated by reference in the Registration Statement and the Prospectus, none of such documents contained or will contain at such time an untrue statement of a material fact or omitted or will omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Section 3.03 The Registration Statement, Prospectus and Disclosure at Time of Sale. No stop order suspending the effectiveness of the Registration Statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission and any request on the part of the Commission for additional information has been complied with. The Registration Statement, as of the Effective Date, conformed or will conform in all material respects to the requirements of the Securities Act, and the rules and regulations of the Commission promulgated thereunder and, as of the Effective Date and as of each deemed effective date with respect to Wells Fargo pursuant to Rule 430B(f)(2) under the Securities Act and at each Representation Date, does not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Prospectus, as of its original issue date, as of the date of any filing of an Issuance Supplement thereto pursuant to Rule 424(b) promulgated by the Commission under the Securities Act and as of the date of any other amendment or supplement thereto, conforms or will conform in all material respects to the requirements of the Securities Act and the rules and regulations of the Commission promulgated thereunder and, as of such respective dates, does not and will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this Section 3.03 shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by Wells Fargo expressly for use in the Prospectus. As used herein, with respect to the Registration Statement, the term "Effective Date" means, as of a specified time, the later of (i) the date that the Registration Statement or the most recent post-effective amendment thereto was or is deemed or declared effective by the Commission under the Securities Act and (ii) the date that the Company's Annual Report on Form 10-K for its most recently completed fiscal year is filed with the Commission under the Exchange Act.

Section 3.04 Changes. Since the date of the latest audited financial statements included or incorporated by reference in the Prospectus there has been no material adverse change in the condition (financial or otherwise), earnings, business or properties of the Company and its Subsidiaries considered as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated by the Prospectus.

Section 3.05 Organizational Matters. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own or lease its properties and conduct its business as described in the Registration Statement and the Prospectus; the Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect. Each Material Subsidiary of the Company has been duly organized and validly exists as a corporation or limited liability company, as applicable, and to the extent such concept is applicable, is in good standing under the laws of its jurisdiction of incorporation.

As used in this Agreement, the term "Subsidiary" means any Person (other than a natural person), at least a majority of the outstanding Voting Stock of which is owned by the Company, by one or more Subsidiaries or by the Company and one or more Subsidiaries. As used in this Agreement, the term "Material Subsidiary" means each "significant subsidiary" of the Company (as such term is defined in Rule 1-02 of Regulation S-X under the Securities Act). As of the date of this Agreement, the only Material Subsidiaries are Centennial Energy Holdings Inc., Fidelity Exploration & Production Company, Knife River Corporation, KRC Holdings, Inc., MDU Construction Services Group, Inc., MDU Energy Capital, LLC, Prairie Cascade Energy Holdings, Inc. and WBI Holdings, Inc.

Section 3.06 Authorization; Enforceability. The Company has the corporate power and authority to execute, deliver and perform the terms and provisions of this Agreement and has taken all necessary corporate action to authorize the execution, delivery and performance by it of, and the consummation of the transactions to be performed by it contemplated by, this Agreement. No other corporate proceeding on the part of the Company is necessary, and no consent of any shareholder in its capacity as such of the Company is required, for the valid execution and delivery by the Company of this Agreement, and the performance and consummation by the Company of the transactions contemplated by this Agreement to be performed by the Company. The Company has duly executed and delivered this Agreement. This Agreement constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and by limitations imposed by law and public policy on indemnification or exculpation.

Section 3.07 Capitalization. The Company has an authorized capitalization as set forth or incorporated by reference in the Prospectus, and all of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any security holder of the Company; all of the outstanding shares of capital stock of each Material Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable; and all shares of capital stock or other equity interests of each Material Subsidiary (other than directors' qualifying shares) are owned directly or indirectly by the Company, free and clear of any liens, encumbrances or security interests, except as described in the Registration Statement and the Prospectus. The Common Shares (in an amount up to the Maximum Program Amount) have been duly authorized by all necessary corporate action on the part of the Company and when issued and delivered against payment therefor as provided in this Agreement, the Common Shares will be validly issued, fully paid and nonassessable, free and clear of all preemptive or similar rights, claims, liens, charges, encumbrances and security interests of any nature whatsoever, other than any of the foregoing created by Wells Fargo. The capital stock of the Company, including the Common Shares, conforms to the description contained in the Registration Statement. Except as set forth in the Registration Statement or the Prospectus, there are no outstanding options, warrants, conversion rights, subscription rights, preemptive rights, rights of first refusal or other rights or agreements of any nature outstanding to subscribe for or to purchase any shares of Common Stock of the Company or any other securities of the Company of any kind binding on the Company (except pursuant to dividend reinvestment, stock purchase or ownership, stock option, director or employee benefit plans or issuances of Common Stock pursuant to purchase price adjustments in connection with acquisitions, and except for any such agreement as to which the Company shall have provided Wells Fargo with written notice) and there are no outstanding securities or instruments of the Company containing anti-dilution or similar provisions that will be triggered by the issuance of the Common Shares as described in this Agreement.

There are no restrictions upon the voting or transfer of any shares of the Company's Common Stock pursuant to the Company's certificate of incorporation or bylaws. There are no agreements or other obligations (contingent or otherwise) that may require the Company to repurchase or otherwise acquire any shares of its Common Stock. No Person has the right, contractual or otherwise, to cause the Company to issue to it, or to register pursuant to the Securities Act, any shares of capital stock or other securities of the Company upon the filing of the Registration Statement or the issuance or sale of the Common Shares hereunder.

Section 3.08 No Conflicts. The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement (including the issuance and sale of the Common Shares) will not (a) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the imposition of a lien or security interest upon any property or assets used in the conduct of the business of the Company or any Material Subsidiary pursuant to any material indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any Material Subsidiary is a party or by which the Company or any Material Subsidiary is bound or to which any of the property or assets used in the conduct of the business of the Company or any Material Subsidiary is subject, (b) result in any violation of the provisions of the certificate of incorporation or the by-laws of the Company or the organizational documents of any Material Subsidiary or (c) result in any violation of any applicable statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any Material Subsidiary or any of their properties (except in each case for conflicts, breaches, violations, defaults, liens or security interests that would not have a Material Adverse Effect). No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the performance by the Company of its obligations under this Agreement, except (1) such as have been, or will have been prior to the Closing Date, obtained under the Securities Act, (2) for existing authorizations of the Federal Energy Regulatory Commission, the Montana Public Service Commission and the Public Service Commission of Wyoming (the "Utility Regulatory Agencies") dated September 13, 2006, August 19, 2008, and October 6, 2006, respectively (which authorizations are, to the best knowledge of the Company, not the subject of any pending or threatened application for rehearing or petition for modification), and future authorizations of the Utility Regulatory Agencies, which will be obtained as required, to permit the issuance and sale of the Common Shares hereunder, (3) for such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or blue sky laws, as the case may be, and except in any case where the failure to obtain such consent, approval, authorization, order, registration or qualification would not have a Material Adverse Effect and (4) such as may be required in connection with the exercise of the Rights.

Section 3.09 Legal Proceedings. Other than as set forth in the Registration Statement or the Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its Subsidiaries is a party or of which any property of the Company or any of its Subsidiaries is the subject which, if determined adversely to the Company or any of its Subsidiaries, would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect and, to the best of the Company's knowledge, no such proceedings are threatened by governmental authorities or others.

Section 3.10 Sale of Common Shares. Immediately after any sale of Common Shares by the Company hereunder, the aggregate amount of Common Stock that has been issued and sold by the Company hereunder will not exceed the aggregate amount of Common Stock that shall be authorized by the Utility Regulatory Agencies from time to time (in this regard, the Company acknowledges and agrees that Wells Fargo shall have no responsibility for maintaining records with respect to the aggregate amount of Common Shares sold, or of otherwise monitoring the availability of Common Stock for sale, under the applicable Utility Regulatory Agency authorizations).

Section 3.11 Permits. Other than as set forth in the Registration Statement or the Prospectus, (a) each of the Company and the Material Subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities (the "permits") as are necessary to own its respective properties and to conduct its business in the manner described in the Prospectus, except where the failure to obtain such permits would not reasonably be expected to have a Material Adverse Effect; (b) to the best knowledge of the Company after due inquiry, each of the Company and the Material Subsidiaries is in compliance with all terms and conditions of any such permits, except where the failure to fulfill or perform any such obligation would not reasonably be expected to have a Material Adverse Effect; and (c) no event has occurred that allows, or after notice or lapse of time would allow, revocation or termination of any material permits or would result in any other material impairment of the rights of the holder of any such material permits.

Section 3.12 Investment Company. The Company is not, and after giving effect to the offering and sale of the Common Shares, will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act").

Section 3.13 Financial Condition; No Adverse Changes. The financial statements, together with related schedules and notes, included in the Registration Statement and the Prospectus, present fairly the consolidated financial position, results of operations and changes in financial position of the Company and the Subsidiaries on the basis stated in the Registration Statement and the Prospectus at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, subject to normal year end adjustments, except as disclosed therein; and the other financial and statistical information and data included or incorporated by reference in the Registration Statement and the Prospectus are accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company and the Subsidiaries. No other financial statements are required to be set forth or to be incorporated by reference in the Registration Statement or the Prospectus under the Securities Act.

(a) The Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (v) material information relating to the Company and its Subsidiaries is made known to the Company by its officers and employees. The Company's internal control over financial reporting was effective as of December 31, 2007, and the Company is not aware of any material weaknesses therein. Since the date of the latest audited financial statements included or incorporated by reference in the Prospectus, there has been no change that has materially adversely affected, or is reasonably likely to materially adversely affect, the Company's internal control over financial reporting.

(b) The accountants who have audited the financial statements of the Company that are incorporated by reference in the Registration Statement and the Prospectus are independent registered public accountants as required by the Securities Act and the rules and regulations of the Commission promulgated thereunder.

(c) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15 (e) under the Exchange Act) that were effective as of June 30, 2008.

Section 3.14 Use of Proceeds. The Company will use the net proceeds from the offering of Common Shares in the manner specified in the Prospectus under "Use of Proceeds."

Section 3.15 Environmental Matters. Other than as set forth in the Registration Statement and the Prospectus, (a) the Company and its Subsidiaries are in compliance in all material respects with all applicable state and federal environmental laws, except for instances of noncompliance that, individually or in the aggregate, would not have a Material Adverse Effect, and (b) no event or condition has occurred that is reasonably likely to interfere in any material respect with the compliance by the Company and its Subsidiaries with any environmental law or that is reasonably likely to give rise to any liability under any environmental law, in each case that, individually or in the aggregate, would have a Material Adverse Effect.

Section 3.16 Insurance. Each of the Company and its Subsidiaries is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent.

Section 3.17 Officer's Certificate. Any certificate signed by any officer of the Company and delivered to Wells Fargo or to counsel for Wells Fargo in connection with an Issuance shall be deemed a representation and warranty by the Company to Wells Fargo as to the matters covered thereby on the date of such certificate.

Section 3.18 Finder's Fees. The Company has not incurred (directly or indirectly) nor will it incur, directly or indirectly, any liability for any broker's, finder's, financial advisor's or other similar fee, charge or commission in connection with this Agreement or the transactions contemplated hereby.

ARTICLE IV
COVENANTS

The Company covenants and agrees during the term of this Agreement with Wells Fargo as follows:

Section 4.01 Registration Statement and Prospectus. (i) To make no amendment or supplement to the Registration Statement or the Prospectus after the date of delivery of an Issuance Notice and prior to the related Settlement Date or Settlement Dates that is reasonably disapproved by Wells Fargo promptly after reasonable notice thereof; (ii) to prepare, with respect to any Issuance Shares to be sold pursuant to this Agreement, an Issuance Supplement with respect to such Common Shares in a form previously approved by Wells Fargo and to file such Issuance Supplement pursuant to Rule 424(b) promulgated by the Commission under the Securities Act within the time period required thereby and to deliver such number of copies of each Issuance Supplement to each exchange or market on which such sales were effected as may be required by the rules or regulations of such exchange or market, in each case only if delivery and filing of such an Issuance Supplement is required by applicable law or by the rules and regulations of the Commission;

(iii) to make no amendment or supplement to the Registration Statement or the Prospectus (other than (x) an amendment or supplement relating solely to the issuance or offering of securities other than the Common Shares and (y) by means of an Annual Report on Form 10-K, a Quarterly Report on Form 10-Q or a Current Report on Form 8-K (or any amendment to any thereof) filed with the Commission under the Exchange Act and incorporated or deemed to be incorporated by reference in the Registration Statement or the Prospectus) at any time prior to having afforded Wells Fargo a reasonable opportunity to review and comment thereon; (iv) to file within the time periods required by the Exchange Act all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus is required under the Securities Act or under the blue sky or securities laws of any jurisdiction in connection with the offering or sale of the Common Shares, and during such same period to advise Wells Fargo, promptly after the Company receives notice thereof, of the time when any amendment to the Registration Statement has been filed or has become effective or any supplement to the Prospectus or any amended Prospectus has been filed with the Commission, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus relating to the Common Shares, of the suspension of the qualification of the Common Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, of any request by the Commission for the amendment or supplement of the Registration Statement or the Prospectus or for additional information, or the receipt of any comments from the Commission with respect to the Registration Statement or the Prospectus (including, without limitation, any Incorporated Documents); (v) in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any such Prospectus or suspending any such qualification, to use promptly its reasonable best efforts to obtain its withdrawal and (vi) to promptly advise Wells Fargo in writing of the issuance of any authorization of any Utility Regulatory Agency relating to the authority of the Company to issue and sell Common Stock in addition to the authorizations referred to in Section 3.08 of this Agreement or any expirations thereof.

Section 4.02 Blue Sky. To use its reasonable best efforts to cause the Common Shares to be listed on the Principal Market and promptly from time to time to take such action as Wells Fargo may reasonably request to cooperate with Wells Fargo in the qualification of the Common Shares for offering and sale under the blue sky or securities laws of such jurisdictions within the United States of America and its territories as Wells Fargo may reasonably request and to use its reasonable best efforts to comply with such laws so as to permit the continuance of sales and dealings therein for as long as may be necessary to complete the distribution or sale of the Common Shares; provided, however, that in connection therewith the Company shall not be required to qualify as a foreign corporation or as a dealer in securities, to file a general consent to service of process or to subject itself to taxation in respect of doing business in any jurisdiction.

Section 4.03 Copies of Registration Statement and Prospectus. To furnish Wells Fargo with copies (which may be electronic copies) of the Registration Statement and each amendment thereto, and with copies of the Prospectus and each amendment or supplement thereto in the form in which it is filed with the Commission pursuant to the Securities Act or Rule 424(b) promulgated by the Commission under the Securities Act, both in such quantities as Wells Fargo may reasonably request from time to time; and, if the delivery of a prospectus is required under the Securities Act or under the blue sky or securities laws of any jurisdiction at any time on or prior to the applicable Settlement Date for any Selling Period in connection with the offering or sale of the Common Shares and if at such time any event has occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the

circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it is necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Securities Act or the Exchange Act, to notify Wells Fargo and request Wells Fargo to suspend offers to sell Common Shares (and, if so notified, Wells Fargo shall cease such offers as soon as practicable); and if the Company decides to amend or supplement the Registration Statement or the Prospectus as then amended or supplemented, to advise Wells Fargo promptly by telephone (with confirmation in writing) and to prepare and cause to be filed promptly with the Commission an amendment or supplement to the Registration Statement or the Prospectus as then amended or supplemented that will correct such statement or omission or effect such compliance; provided, however, that if during such same period Wells Fargo is required to deliver a prospectus in respect of transactions in the Common Shares, the Company shall promptly prepare and file with the Commission such an amendment or supplement.

Section 4.04 Rule 158. To make generally available to its holders of the Common Shares as soon as practicable, but in any event not later than eighteen months after the effective date of the Registration Statement (as defined in Rule 158(c) promulgated by the Commission under the Securities Act), an earnings statement of the Company and the Subsidiaries (which need not be audited) complying with Section 11(a) of the Securities Act and the rules and regulations of the Commission promulgated thereunder (including the option of the Company to file periodic reports in order to make generally available such earnings statement, to the extent that it is required to file such reports under Section 13 or Section 15(d) of the Exchange Act, pursuant to Rule 158 promulgated by the Commission under the Securities Act).

Section 4.05 Information. Except where such reports, communications, financial statements or other information is available on the Commission's EDGAR system, to furnish to Wells Fargo (in paper or electronic format) copies of all publicly available reports or other communications (financial or other) furnished generally to stockholders and filed with the Commission pursuant to the Exchange Act, and deliver to Wells Fargo (in paper or electronic format) (i) promptly after they are available, copies of any publicly available reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional publicly available information concerning the business and financial condition of the Company as Wells Fargo may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its Subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission).

Section 4.06 Representations and Warranties. That each delivery of an Issuance Notice and each delivery of Common Shares on a Settlement Date shall be deemed to be (i) an affirmation to Wells Fargo that the representations and warranties of the Company contained in or made pursuant to this Agreement are true and correct in all material respects as of the date of such Issuance Notice or of such Settlement Date, as the case may be, as though made at and as of each such date, except as may be disclosed in the Prospectus (including any documents incorporated by reference therein and any supplements thereto) or otherwise in writing by the Company to Wells Fargo on or before such date of delivery or Settlement Date, as the case may be, and (ii) an undertaking that the Company will advise Wells Fargo if any of such representations and warranties will not be true and correct in all material respects as of the Settlement Date for the Common Shares relating to such Issuance Notice, as though made at and as of each such date (except that such representations and warranties shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented relating to such Common Shares).

Section 4.07 Opinions of Counsel. That each time the Registration Statement or the Prospectus is amended or supplemented (other than by an Issuance Supplement or a Current Report on Form 8-K, unless reasonably requested by Wells Fargo within 30 days of the filing thereof with the Commission), including by means of an Annual Report on Form 10-K or a Quarterly Report on Form 10-Q filed with the Commission under the Exchange Act and incorporated or deemed to be incorporated by reference into the Prospectus (each such amendment or supplement, an "Opinion Trigger Event"), the Company shall at any time selected by the Company on or following the date of such Opinion Trigger Event (except that during a Selling Period or any other period in which a prospectus relating to the Issuance Shares is required to be delivered by Wells Fargo under the Securities Act, such time shall be no later than one Trading Day after each Opinion Trigger Event that occurs during such period; and provided that in any case delivery shall be a condition to the delivery of an Issuance Notice) furnish or cause to be furnished forthwith to Wells Fargo a written opinion of Thelen Reid Brown Raysman & Steiner LLP, special counsel for the Company, and Paul K. Sandness, Esq., General Counsel and Secretary of the Company, in each case dated the date of delivery and in form reasonably satisfactory to Wells Fargo, (i) if such counsel has previously furnished an opinion to the effect set forth in Exhibit B-1 or B-2 hereto (as applicable), to the effect that Wells Fargo may rely on such previously furnished opinion of such counsel to the same extent as though it were dated the date of such letter authorizing reliance (except that the statements in such last opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such date) or (ii) if such counsel has not previously furnished an opinion to the effect set forth in Exhibit B-1 or B-2 hereto (as applicable), of the same tenor as such an opinion of such counsel but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date.

Section 4.08 Comfort Letters. That each time the Registration Statement or the Prospectus is amended or supplemented, including by means of an Annual Report on Form 10-K, a Quarterly Report on Form 10-Q or a Current Report on Form 8-K filed with the Commission under the Exchange Act and incorporated or deemed to be incorporated by reference into the Prospectus, in any case to set forth financial information included in or derived from the Company's financial statements or accounting records (each such amendment or supplement, a "Comfort Letter Trigger Event"), the Company shall at any time selected by the Company on or following the date of such Comfort Letter Trigger Event (except that during a Selling Period or any other period in which a prospectus relating to the Issuance Shares is required to be delivered by Wells Fargo under the Securities Act, such time shall be no later than one Trading Day after each Comfort Letter Trigger Event that occurs during such period; and provided that in any case delivery shall be a condition to the delivery of an Issuance Notice) cause the independent registered public accountants who have audited the financial statements of the Company included or incorporated by reference in the Registration Statement forthwith to furnish to Wells Fargo a letter, dated the date of delivery, in form reasonably satisfactory to Wells Fargo, of the same tenor as the letter referred to in Section 5.01(g) hereof but modified to relate to the Registration Statement and the Prospectus as amended or supplemented to the date of such letter, with such changes as may be necessary to reflect changes in the financial statements and other information derived from the accounting records of the Company, to the extent such financial statements and other information are available as of a date not more than five business days prior to the date of such letter; provided, however, that, with respect to any financial information or other matters, such letter may reconfirm as true and correct at such date as though made at and as of such date, rather than repeat, statements with respect to such financial information or other matters made in the letter referred to in Section 5.01(g) hereof that was last furnished to Wells Fargo; provided further, that the Company shall not be required to furnish such a letter with respect to the financial statements of any business acquired that are included in a Current Report on Form 8-K.

Section 4.09 Officer's Certificate. That each time the Registration Statement or the Prospectus is amended or supplemented (other than by an Issuance Supplement or a Current Report on Form 8-K, unless reasonably requested by Wells Fargo within 30 days of the filing thereof with the Commission), including by means of an Annual Report on Form 10-K or a Quarterly Report on Form 10-Q filed with the Commission under the Exchange Act and incorporated or deemed to be incorporated by reference into the Prospectus (each such amendment or supplement, an "Officer's Certificate Trigger Event"), the Company shall at any time selected by the Company on or following the date of such Officer's Certificate Trigger Event (except that during a Selling Period or any other period in which a prospectus relating to the Issuance Shares is required to be delivered by Wells Fargo under the Securities Act, such time shall be no later than one Trading Day after each Officer's Certificate Trigger Event that occurs during such period; and provided that in any case delivery shall be a condition to the delivery of an Issuance Notice) furnish forthwith to Wells Fargo a certificate, dated the date of delivery, in such form and executed by such officers of the Company as is reasonably satisfactory to Wells Fargo, of the same tenor as the certificate referred to in Section 2.02(b)(w) but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date.

Section 4.10 Stand Off Agreement. Without the written consent of Wells Fargo, the Company will not, directly or indirectly, offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of any shares of Common Stock or securities convertible into or exchangeable for Common Stock (other than Common Shares hereunder), warrants or any rights to purchase or acquire, Common Stock (other than Common Shares hereunder) during the period beginning on the first (1st) Trading Day immediately prior to the date on which any Issuance Notice is delivered to Wells Fargo hereunder and ending on the first (1st) Trading Day immediately following the last Settlement Date with respect to Common Shares sold pursuant to such Issuance Notice; provided, however, that such restriction will not be required in connection with the Company's issuance or sale of (i) Common Stock, options to purchase shares of Common Stock or Common Stock issuable upon the exercise of options or other rights pursuant to any employee or director stock option or benefit plan, stock purchase or ownership plan (whether currently existing or adopted hereafter) or dividend reinvestment plan (but not shares subject to a waiver to exceed plan limits in its stock purchase plan) of the Company, (ii) Common Stock issuable upon conversion of securities or the exercise of warrants, options or other rights disclosed in the Company's Commission filings and (iii) Common Stock issuable as consideration in connection with acquisitions of business, assets or securities of other Persons.

Section 4.11 Market Activities. The Company will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Common Shares or (ii) sell, bid for or purchase the Common Shares, or pay anyone any compensation for soliciting purchases of the Common Shares other than Wells Fargo.

Section 4.12 Subsequent Delivery of Utility Regulatory Agency Authorizations. Each time that the Company gives to Wells Fargo the written notification required by Section 4.01(vi) (an "Agency Trigger Event"), the Company shall concurrently deliver to Wells Fargo and counsel to Wells Fargo (i) a copy of each such authorization and (ii) at any time selected by the Company on or following the date of such Agency Trigger Event (except that during a Selling Period, such time shall be concurrently with each Agency Trigger Event that occurs during such period; and provided that in any case delivery shall be a condition to the delivery of an Issuance Notice), written opinions of Thelen Reid Brown Raysman & Steiner LLP, special counsel to the Company and Paul K. Sandness, Esq., General Counsel and Secretary of the Company, to the effect set forth in paragraph 9 of Exhibit B-1 and paragraph 8 of Exhibit B-2 of this Agreement, respectively modified to reflect such authorizations.

ARTICLE V
CONDITIONS TO DELIVERY OF ISSUANCE
NOTICES AND TO SETTLEMENT

Section 5.01 Conditions Precedent to the Right of the Company to Deliver an Issuance Notice and the Obligation of Wells Fargo to Sell Common Shares. The right of the Company to deliver an Issuance Notice hereunder is subject to the satisfaction, on the date of delivery of such Issuance Notice, and the obligation of Wells Fargo to sell Common Shares during the applicable Selling Period is subject to the satisfaction, on the applicable date, of each of the following conditions:

(a) Effective Registration Statement and Authorizations. The Registration Statement shall remain effective, and sales of all of the Common Shares (including all of the Issuance Shares issued with respect to all prior Issuances and all of the Issuance Shares expected to be issued in connection with the Issuance specified by the current Issuance Notice) may be made by Wells Fargo thereunder; and (i) no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; (ii) no other suspension of the use or withdrawal of the effectiveness of the Registration Statement or Prospectus shall exist; (iii) all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of Wells Fargo; and (iv) no event specified in Section 4.03 hereof shall have occurred and be continuing without the Company amending or supplementing the Registration Statement or the Prospectus as provided in Section 4.03. The authorizations of the Utility Regulatory Agencies referred to in Section 3.08 of this Agreement are in full force and effect, and to the knowledge of the Company, are not the subject of any pending or threatened application for rehearing or petition for modification and are sufficient to authorize the issuance and sale of the Common Shares.

(b) Accuracy of the Company's Representations and Warranties. The representations and warranties of the Company shall be true and correct in all material respects as of each Representation Date as though made at such time.

(c) Performance by the Company. The Company shall have performed, satisfied and complied with in all material respects all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to such date.

(d) No Injunction. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby that prohibits or directly and materially adversely affects any of the transactions contemplated by this Agreement, and no proceeding shall have been commenced that may have the effect of prohibiting or materially adversely affecting any of the transactions contemplated by this Agreement.

(e) Material Adverse Changes. Since the date of this Agreement, no event that had or is reasonably likely to have a Material Adverse Effect shall have occurred that has not been disclosed in the Registration Statement or the Prospectus (including the documents incorporated by reference therein and any supplements thereto).

(f) No Suspension of Trading In or Delisting of Common Stock; Other Events. The trading of the Common Stock (including without limitation the Issuance Shares) shall not have been suspended by the Commission, the Principal Market or the National Association of Securities Dealers, Inc. since the immediately preceding Settlement Date or, if there has been no Settlement Date, the Closing Date, and the Common Shares (including without limitation the Issuance Shares) shall have been approved for listing or quotation on (subject only to notice of issuance) and shall not have been delisted from the Principal Market. There shall not have occurred (and be continuing in the case of occurrences under clause (i) and (ii) below) any of the following: (i) if trading generally on the American Stock Exchange, the New York Stock Exchange or The Nasdaq Stock Market has been suspended or materially limited, or minimum and maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority or a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States; (ii) a general moratorium on commercial banking activities in New York declared by either federal or New York state authorities; or (iii) any material adverse change in the financial markets in the United States or in the international financial markets, any outbreak or escalation of hostilities or other calamity or crisis involving the United States or the declaration by the United States of a national emergency or war or any substantial change in national or international political, financial or economic conditions, if the effect of any such event specified in this clause (iii) in the reasonable judgment of Wells Fargo makes it impractical or inadvisable to proceed with the sale of Common Shares on behalf of the Company.

(g) Comfort Letter. The independent registered public accountants who have audited the financial statements of the Company included or incorporated by reference in the Registration Statement shall have furnished to Wells Fargo the letters required to be delivered by Sections 2.02(b)(y) and 4.08 on or before the date on which satisfaction of this condition is determined.

(h) No Defaults. Immediately after consummation of the proposed sale of the Issuance Shares by Wells Fargo, none of the Company nor any of the Material Subsidiaries shall be in default under (whether upon the passage of time, the giving of notice or both) its organizational or other governing documents, or any provision of any security issued by the Company or any of its Material Subsidiaries, or of any agreement, instrument or other undertaking to which the Company or any of its Material Subsidiaries is a party or by which it or any of its property or assets is bound, or the applicable provisions of any law, statute, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental authority to or by which the Company, any of its Material Subsidiaries or any of their property or assets is bound, in each case which default, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(i) Trading Cushion. The Selling Period for any previous Issuance Notice shall have expired.

(j) Maximum Issuance Amount. In no event may the Company issue an Issuance Notice to sell an Issuance Amount to the extent that (I) the sum of (x) the requested Issuance Amount, plus (y) the aggregate number of all Common Shares issued under all previous Issuances effected pursuant to this Agreement, would exceed (A) the Maximum Program Amount or (B) the amount as shall then be authorized by the Utility Regulatory Agencies or (II) the requested Issuance Amount exceeds the product of (x) 75,000 times (y) the number of Trading Days in the Selling Period.

(k) Prospectus Supplement and Issuance Supplement. (i) A supplement to the prospectus included in the Registration Statement (the "Prospectus Supplement"), in form and substance to be agreed upon by the parties, setting forth information regarding this Agreement including, without limitation, the Maximum Program Amount, shall have been filed with the Commission pursuant to Rule 424(b) promulgated by the Commission under the Securities Act within the time period required thereby and sufficient copies thereof delivered to Wells Fargo on or prior to the Issuance Date.

(ii) If required by Section 4.01(ii), an Issuance Supplement, in form and substance to be agreed upon by the parties, shall have been filed with the Commission pursuant to Rule 424(b) promulgated by the Commission under the Securities Act within the time period required thereby and sufficient copies thereof delivered to Wells Fargo on or prior to the Issuance Date.

(l) Counsel Letter. The counsel specified in Sections 2.02(b)(x) and 4.07, or other counsel selected by the Company and reasonably satisfactory to Wells Fargo, shall have furnished to Wells Fargo their written opinions, dated on or before the date of the first Issuance Notice and each applicable date referred to in Section 4.07 hereof that is on or prior to such Issuance Date or Settlement Date, as the case may be, to the effect required by Section 4.07.

(m) Officer's Certificate. The Company shall have furnished or caused to be furnished to Wells Fargo an officer's certificate executed by one of the Authorized Officers specified in Section 2.01(c), dated on or before the date of the first Issuance Notice and each applicable date referred to in Section 4.09 hereof that is on or prior to such Issuance Date or Settlement Date, as the case may be, as to the matters specified in Section 2.02(b)(w).

(n) Other Documents. On the Closing Date and prior to each Issuance Date and Settlement Date, Wells Fargo and its counsel shall have been furnished with such documents as they may reasonably require in order to evidence the accuracy and completeness of any of the representations or warranties, or the fulfillment of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Common Shares as herein contemplated shall be satisfactory in form and substance to Wells Fargo and its counsel.

Section 5.02 Documents Required to be Delivered on each Issuance Date. Wells Fargo's obligation to sell Common Shares pursuant to an Issuance hereunder shall additionally be conditioned upon the delivery to Wells Fargo on or before the Issuance Date of a certificate in form and substance reasonably satisfactory to Wells Fargo, executed by the Chief Executive Officer or the Chief Financial Officer of the Company, to the effect that all conditions to the delivery of such Issuance Notice shall have been satisfied as at the date of such certificate (which certificate shall not be required if the foregoing representations shall be set forth in the Issuance Notice or in an officer's certificate delivered pursuant to Section 4.09 dated the Issuance Date).

Section 5.03 Suspension of Sales. The Company or Wells Fargo may, upon notice to the other party in writing or by telephone (confirmed immediately by verifiable facsimile transmission), suspend any sale of Issuance Shares, and the Selling Period shall immediately terminate; provided, however, that such suspension and termination shall not affect or impair either party's obligations with respect to any Issuance Shares sold hereunder prior to the receipt of such notice, and, provided, further, that any suspension of sales based upon the Daily Floor Price mechanism described in Section 2.03(c) of this Agreement shall not result in the immediate termination of the Selling Period. The Company agrees that no such notice shall be effective against Wells Fargo unless it is made to one of the individuals named on Schedule 1 hereto, as such Schedule may be amended from time to time. Wells Fargo agrees that no such notice shall be effective against the Company unless it is made to one of the individuals named on Schedule 1 annexed hereto, as such Schedule may be amended from time to time.

ARTICLE VI
INDEMNIFICATION AND CONTRIBUTION

Section 6.01 Indemnification by the Company. The Company agrees to indemnify and hold harmless Wells Fargo, its officers, directors, employees and agents, and each Person, if any, who controls Wells Fargo within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, together with each such Person's respective officers, directors, employees and agents (collectively, the "Controlling Persons"), from and against any and all losses, claims, damages or liabilities, and any action or proceeding in respect thereof, to which Wells Fargo, its officers, directors, employees and agents, and any such Controlling Person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of, or are based upon, (a) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Prospectus or any other prospectus relating to the Common Shares, or any amendment or supplement thereto, or any preliminary prospectus, or arise out of, or are based upon, any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus or any amendment or supplement thereto or any preliminary prospectus, in light of the circumstances in which they were made) not misleading, except insofar as the same are made in reliance upon and in conformity with information related to Wells Fargo or its plan of distribution furnished in writing to the Company by Wells Fargo expressly for use therein or (b) any breach or violation by the Company of Section 2.04, and the Company shall reimburse Wells Fargo, its officers, directors, employees and agents, and each Controlling Person for any reasonable legal and other expenses incurred thereby in investigating or defending or preparing to defend against any such losses, claims, damages or liabilities, or actions or proceedings in respect thereof, as such expenses are incurred.

Section 6.02 Indemnification by Wells Fargo. Wells Fargo agrees to indemnify and hold harmless the Company, its officers, directors, employees and agents and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, together with each such Person's respective officers, directors, employees and agents, from and against any losses, claims, damages or liabilities, and any action or proceeding in respect thereof, to which the Company, its officers, directors, employees or agents, any such controlling Person and any officer, director, employee or agent of such controlling Person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as losses, claims, damages or liabilities (or action or proceeding in respect thereof) arise out of, or are based upon, (a) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Prospectus or any other prospectus relating to the Common Shares, or any amendment or supplement thereto, or any preliminary prospectus, or arise out of, or are based upon, any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus or any other prospectus relating to the Common Shares, or any amendment or supplement thereto or any preliminary prospectus, in light of the circumstances in which they were made) not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made therein in reliance upon and in conformity with written information related to Wells Fargo or its plan of distribution furnished to the Company by Wells Fargo expressly for use therein and Wells Fargo shall reimburse the Company, its officers, directors, employees and agents, and each Company Controlling Person for any reasonable legal and other expenses incurred thereby in investigating or defending or preparing to defend against any such losses, claims, damages or liabilities, or actions or proceedings in respect thereof, as such expenses are incurred, or (b) any breach or violation by Wells Fargo of Section 2.04.

Section 6.03 Conduct of Indemnification Proceedings. As promptly as reasonably practicable after receipt by any Person (an "Indemnified Party") of notice of any claim or the commencement of any action in respect of which indemnity may be sought pursuant to Section 6.01 or 6.02, the Indemnified Party shall, if a claim in respect thereof is to be made against the Person against whom such indemnity may be sought (an "Indemnifying Party"), notify the Indemnifying Party in writing of the claim or the commencement of such action. In the event an Indemnified Party shall fail to give such notice as provided in this Section 6.03 and the Indemnifying Party to whom notice was not given was unaware of the proceeding to which such notice would have related and was materially prejudiced by the failure to give such notice, the indemnification provided for in Sections 6.01 or 6.02 shall be reduced to the extent of any actual prejudice resulting from such failure to so notify the Indemnifying Party; provided, that the failure to notify the Indemnifying Party shall not relieve it from any liability that it may have to an Indemnified Party otherwise than under Section 6.01 or 6.02. If any such claim or action shall be brought against an Indemnified Party, the Indemnifying Party shall be entitled to participate therein, and, to the extent that it wishes, jointly with any other similarly notified Indemnifying Party, to assume the defense thereof with counsel reasonably satisfactory to the Indemnified Party. After notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense of such claim or action, the Indemnifying Party shall not be liable to the Indemnified Party for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; provided that the Indemnified Party shall have the right to employ separate counsel to represent the Indemnified Party, but the fees and expenses of such counsel shall be for the account of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) such Indemnified Party reasonably concludes that representation of both parties by the same counsel would be inappropriate due to actual or potential conflicts of interest with the Company, it being understood, however, that the Indemnifying Party shall not, in connection with any one such claim or action or separate but substantially similar or related claims or actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (together with appropriate local counsel) at any time for all Indemnified Parties or for fees and expenses that are not reasonable. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any claim or pending or threatened proceeding in respect of which the Indemnified Party is or could have been a party and indemnification could have been sought hereunder by such Indemnified Party unless such settlement includes an unconditional release of each such Indemnified Party from all losses, claims, damages or liabilities arising out of such claim or proceeding and such settlement does not admit or constitute an admission of fault, guilt, failure to act or culpability on the part of any such Indemnified Party. Whether or not the defense of any claim or action is assumed by an Indemnifying Party, such Indemnifying Party will not be subject to any liability for any settlement made without its prior written consent, which consent will not be unreasonably withheld.

Section 6.04 Contribution. If for any reason the indemnification provided for in this Article VI is unavailable to the Indemnified Parties in respect of any losses, claims, damages or liabilities referred to herein, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities as between the Company, on the one hand, and Wells Fargo, on the other hand, in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and Wells Fargo on the other hand from the offering of the Common Shares to which such losses, claims, damages or liabilities relate. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each Indemnifying Party shall contribute to such amount paid or payable by such Indemnifying

Party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and of Wells Fargo in connection with such statements or omissions, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and by Wells Fargo, on the other, shall be deemed to be in the same proportion as the total net proceeds from the sale of Common Shares (before deducting expenses) received by the Company bear to the total commissions received by Wells Fargo in respect thereof. The relative fault of the Company, on the one hand, and of Wells Fargo, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on one hand or by Wells Fargo on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and Wells Fargo agree that it would not be just and equitable if contribution pursuant to this Section 6.04 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6.04, Wells Fargo shall in no event be required to contribute any amount in excess of the commissions received by it under this Agreement. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 6.04 each officer, director, employee and agent of Wells Fargo, and each Controlling Person, shall have the same rights to contribution as Wells Fargo, and each director of the Company, each officer of the Company who signed the Registration Statement, and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Company. The obligations of the Company and Wells Fargo under this Article VI shall be in addition to any liability that the Company and Wells Fargo may otherwise have.

ARTICLE VII
TERMINATION

Section 7.01 Term. Subject to the provisions of this Article VII, the term of this Agreement shall run until the end of the Commitment Period.

Section 7.02 Termination by Wells Fargo. i) Wells Fargo may terminate the right of the Company to effect any Issuances under this Agreement upon one (1) Trading Day's notice if any of the following events shall occur:

(i) The Company or any Material Subsidiary shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for all or substantially all of its property or business; or such a receiver or trustee shall otherwise be appointed;

(ii) Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company or any of its Material Subsidiaries;

(iii) The Company shall fail to maintain the listing of the Common Stock on the Principal Market; or

(iv) Since the Effective Date, there shall have occurred any event, development or state of circumstances or facts that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Wells Fargo shall have the right, by giving ten (10) days' notice as hereinafter specified, to terminate this Agreement in its sole discretion at any time.

Section 7.03 Termination by the Company. The Company shall have the right, by giving ten (10) days' notice as hereinafter specified, to terminate this Agreement in its sole discretion at any time. After delivery of such notice, the Company shall no longer have any right to deliver any Issuance Notices hereunder.

Section 7.04 Liability; Provisions that Survive Termination. If this Agreement is terminated pursuant to this Article VII, such termination shall be without liability of any party to any other party except as provided in Section 9.02 and for the Company's obligations in respect of all prior Issuance Notices, and provided further that in any case the provisions of Article VI, Article VIII and Article IX shall survive termination of this Agreement without limitation.

ARTICLE VIII
REPRESENTATIONS AND WARRANTIES TO SURVIVE DELIVERY

All representations and warranties of the Company herein or in certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of Wells Fargo and its officers, directors, employees and agents and any Controlling Persons, (ii) delivery and acceptance of the Common Shares and payment therefor or (iii) any termination of this Agreement.

ARTICLE IX
MISCELLANEOUS

Section 9.01 Press Releases and Disclosure. The Company may issue a press release describing the material terms of the transactions contemplated hereby as soon as practicable following the Closing Date, and may file with the Commission a Current Report on Form 8-K describing the material terms of the transactions contemplated hereby, and the Company shall consult with Wells Fargo prior to making such disclosures, and the parties shall use all reasonable efforts, acting in good faith, to agree upon a text for such disclosures that is reasonably satisfactory to all parties. No party hereto shall issue thereafter any press release or like public statement (including, without limitation, any disclosure required in reports filed with the Commission pursuant to the Exchange Act) related to this Agreement or any of the transactions contemplated hereby not substantially similar to previously approved disclosure without the prior written approval of the other party hereto, except as may be necessary or appropriate in the opinion of the party seeking to make disclosure to comply with the requirements of applicable law or stock exchange rules. If any such press release or like public statement is so required, the party making such disclosure shall consult with the other party prior to making such disclosure, and the parties shall use all reasonable efforts, acting in good faith, to agree upon a text for such disclosure that is reasonably satisfactory to all parties.

Section 9.02 Expenses. The Company covenants and agrees with Wells Fargo that the Company shall pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the preparation, printing and filing of the Registration Statement, the Prospectus and any Issuance Supplements and all other amendments and supplements thereto and the mailing and delivering of copies thereof to Wells Fargo and the Principal Exchange; (ii) Wells Fargo's reasonable documented out-of-pocket expenses, up to a maximum of $75,000 in the aggregate, including the reasonable fees, disbursements and expenses of counsel for Wells Fargo (including in connection with the qualification of the Common Shares for offering and sale under state securities laws as provided in Section 4.02 hereof and in connection with preparing any blue sky survey) in connection with this Agreement and the Registration Statement and ongoing services in connection with the transactions contemplated hereunder; (iii) the cost (other than those expenses described in clause (ii) above) of printing, preparing or reproducing this Agreement and any other documents in connection with the offering, purchase, sale and delivery of the Common Shares; (iv) all filing fees and expenses (other than those expenses described in clause (ii) above) in connection with the qualification of the Common Shares for offering and sale under state securities laws as provided in Section 4.02 hereof; (v) the cost of preparing the Common Shares; (vi) the fees and expenses of any transfer agent of the Company; (vii) the cost of providing any CUSIP or other identification numbers for the Common Shares; (viii) the fees and expenses incurred in connection with the listing or qualification of the Common Shares on the Principal Market and any filing fees incident to any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Common Shares in connection with this Agreement and the Registration Statement (including the reasonable fees, disbursements and expenses of counsel for Wells Fargo), and (ix) all other costs and expenses incident to the performance of the Company's obligations hereunder that are not otherwise specifically provided for in this Section. The Company will not bear any costs or expenses of Wells Fargo with respect to Wells Fargo's obligation to deliver shares of Common Stock to any Person.

Section 9.03 Notices. All notices, demands, requests, consents, approvals or other communications required or permitted to be given hereunder or that are given with respect to this Agreement shall be in writing and shall be personally served or deposited in the mail, registered or certified, return receipt requested, postage prepaid or delivered by reputable air courier service with charges prepaid, or transmitted by hand delivery, telegram, telex, e-mail (other than to the Company) or facsimile, addressed as set forth below, or to such other address as such party shall have specified most recently by written notice: (i) if to the Company to: Vernon A. Raile, Executive Vice President, Treasurer and Chief Financial Officer, MDU Resources Group, Inc., 1200 West Century Avenue, P.O. Box 5650, Bismarck, North Dakota, 58506-5650, Phone: 701.530.1003 and Fax: 701.530.1731, with a copy (which shall not constitute notice) to: Walter J. Godlewski III, Thelen Reid Brown Raysman & Steiner LLP, 875 Third Avenue, New York, New York 10028, Phone: 212.603.2349, Fax: 212.829.2091 and e-mail: wgodlewski@thelen.com; and (ii) if to Wells Fargo to: (a) S. Lane Genatowski, 530 Fifth Avenue, New York City, New York, 10036, Phone: 212.805.1686, Fax: 212.805.1115, and e-mail: lane.genatowski@wellsfargo.com, (b) Edward Thomas, Phone: 415-645-0805, Fax: 415-954-8339 and e-mail: Edward.L.Thomas@wellsfargo.com and (c) Lena Beasley, Phone: 415-954-0635, Fax: 415-954-8339 and e-mail: Lena.Beasley@wellsfargo.com, with a copy (which shall not constitute notice) to: Ronald A. Fleming, Jr., Pillsbury Winthrop Shaw Pittman LLP, 1540 Broadway, New York, New York 10036, Phone: 212.858.1143, Fax: 212.298.9931 and e-mail: ron.fleming@pillsburylaw.com. Except as set forth in Section 5.03, notice shall be deemed given on the date of service or transmission if personally served or transmitted by telegram, telex, e-mail or confirmed facsimile. Notice otherwise sent as provided herein shall be deemed given on the third business day following the date mailed or on the next business day following delivery of such notice to a reputable air courier service for next day delivery.

Section 9.04 Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, understandings, negotiations and discussions between the parties, whether oral or written, with respect to the subject matter hereof.

Section 9.05 Amendment and Waiver. This Agreement may not be amended, modified, supplemented, restated or waived except by a writing executed by the party against which such amendment, modification, supplement, restatement or waiver is sought to be enforced. Waivers may be made in advance or after the right waived has arisen or the breach or default waived has occurred. Any waiver may be conditional. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof nor of any other agreement or provision herein contained. No waiver or extension of time for performance of any obligations or acts shall be deemed a waiver or extension of the time for performance of any other obligations or acts.

Section 9.06 No Assignment; No Third Party Beneficiaries. This Agreement and the rights, duties and obligations hereunder may not be assigned or delegated by the Company or Wells Fargo. Any purported assignment or delegation of rights, duties or obligations hereunder shall be void and of no effect. This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of each of the parties and their respective successors and, to the extent provided in Article VI, the controlling persons, officers, directors, employees and agents referred to in Article VI. This Agreement is not intended to confer any rights or benefits on any Persons other than as set forth in Article VI or elsewhere in this Agreement.

Section 9.07 Severability. This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

Section 9.08 Further Assurances. Each party hereto, upon the request of any other party hereto, shall do all such further acts and execute, acknowledge and deliver all such further instruments and documents as may be necessary or desirable to carry out the transactions contemplated by this Agreement.

Section 9.09 Titles and Headings. Titles, captions and headings of the sections of this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement.

Section 9.10 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, INTERPRETED UNDER AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED WITHIN THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS THEREOF. Any action, suit or proceeding to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in any federal court located in the Southern District of the State of New York or any New York state court located in the Borough of Manhattan,

and the Company agrees to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) and each party waives (to the full extent permitted by law) any objection it may have to the laying of venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding has been brought in an inconvenient forum.

Section 9.11 Waiver of Jury Trial. The Company and Wells Fargo each hereby irrevocably waives any right it may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or any transaction contemplated hereby.

Section 9.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument. Delivery of an executed Agreement by one party to the other may be made by facsimile transmission.

Section 9.13 Adjustments for Stock Splits, etc. The parties acknowledge and agree that share related numbers contained in or contemplated by this Agreement (including within the definitions of Monthly Floor Price, the Issuance Amount and the Maximum Program Amount) shall be equitably adjusted to reflect stock splits, stock dividends, reverse stock splits, combinations and similar events provided, however, that the "$1.00" referred to in the definition of "Daily Floor Price" shall not be adjusted as the result of any such event.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the undersigned, thereunto duly authorized, as of the date first set forth above.

MDU RESOURCES GROUP, INC.

By:/s/ Vernon A. Raile
Name: Vernon A. Raile
Title: Executive Vice President, Treasurer and Chief Financial Officer

WELLS FARGO SECURITIES, LLC

By:/s/ S. Lane Genatowski
Name: S. Lane Genatowski
Title: Managing Director

Response No. MCC-081
Attachment B

MDU 424B5 2/5/2004

Section 1: 424B5 (PROSPECTUS SUPPLEMENT)

Filed pursuant to Rule 424(b)(5)
Registration Statement No. 333-104150

PROSPECTUS SUPPLEMENT

(To Prospectus dated September 26, 2003)

2,000,000 SHARES

MDU RESOURCES GROUP, INC.

COMMON STOCK

We are offering 2,000,000 shares of our common stock. Our common stock is listed on the New York Stock Exchange and the Pacific Exchange under the symbol "MDU." On February 4, 2004, the last reported sale price of our common stock on the New York Stock Exchange was $23.32 per share.

SEE "RISK FACTORS" BEGINNING ON PAGE S-6 FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT PROSPECTIVE INVESTORS SHOULD CONSIDER BEFORE INVESTING IN OUR COMMON STOCK.

	PER SHARE	TOTAL
Public offering price.....	$23.320	$46,640,000
Underwriting discounts and commissions.....	$ 0.793	$ 1,586,000
Proceeds, before expenses, to us.....	$22.527	$45,054,000

We have granted the underwriters the right to purchase up to an additional 300,000 shares at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover over-allotments.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SHARES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The underwriters expect to deliver the shares of common stock on or about February 10, 2004.

A.G. EDWARDS & SONS, INC. EDWARD D. JONES & CO., L.P.

THE DATE OF THIS PROSPECTUS SUPPLEMENT IS FEBRUARY 4, 2004.

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

	PAGE
Important Notice About Information In This Prospectus Supplement And The Accompanying Prospectus	i
About This Prospectus Supplement	i
Summary	S-1
Risk Factors	S-6
Use of Proceeds	S-9
Capitalization	S-9
Common Stock Dividends And Price Range	S-10
Underwriting	S-11
Experts	S-13
Legal Matters	S-13

PROSPECTUS

	PAGE
Risk Factors	1
Forward-Looking Statements	4
Where You Can Find More Information About Us	5
MDU Resources Group, Inc.	6
Ratio Of Earnings To Fixed Charges	7
Use Of Proceeds	7
Selected Consolidated Financial Data	8
Description Of The Debt Securities	9
Description Of The First Mortgage Bonds	28
Description Of The Common Stock	32
Description Of The Preference Share Purchase Rights	36
Plan Of Distribution	39
Experts	40
Legal Opinions	40

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

You should rely only on the information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus. Neither we nor the underwriters have authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent

information, you should not rely on it. Neither we nor the underwriters are making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement or that the information incorporated by reference in the accompanying prospectus is accurate as of any date other than the date of such documents incorporated by reference.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference which are described under "WHERE YOU CAN FIND MORE INFORMATION ABOUT US" in the accompanying prospectus, in their entirety before making an investment decision. If the information in this prospectus supplement is different from, or inconsistent with, the information in the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

This prospectus supplement and the accompanying prospectus contain, or incorporate by reference, forward-looking statements. Such forward-looking statements should be considered together with the cautionary statements described under "FORWARD-LOOKING STATEMENTS" in the accompanying prospectus and important factors included in the documents incorporated by reference which are described under "WHERE YOU CAN FIND MORE INFORMATION ABOUT US" in the accompanying prospectus.

SUMMARY

This summary highlights certain information appearing elsewhere in this document. This summary is not complete and does not contain all of the information that may be important to you. You should read the entire prospectus supplement, the accompanying prospectus and the information incorporated herein by reference in the accompanying prospectus before purchasing the common stock.

MDU RESOURCES GROUP, INC.

We are a diversified natural resource company which was incorporated under the laws of the State of Delaware in 1924. Our principal executive offices are at the Schuchart Building, 918 East Divide Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, telephone (701) 222-7900.

Through our wholly owned subsidiary, Centennial Energy Holdings, Inc., we own WBI Holdings, Inc., Knife River Corporation, Utility Services, Inc., Centennial Energy Resources LLC and Centennial Holdings Capital LLC.

ELECTRIC AND NATURAL GAS DISTRIBUTION

Montana-Dakota Utilities Co., one of our public utility divisions, through the electric and natural gas distribution segments, generates, transmits and distributes electricity and distributes natural gas in the northern Great Plains. Great Plains Natural Gas Co., another one of our public utility divisions, distributes natural gas in southeastern North Dakota and western Minnesota. These operations also supply related value-added products and services in the northern Great Plains.

PIPELINE AND ENERGY SERVICES

WBI Holdings' business includes the pipeline and energy services segment,

which provides natural gas transportation, underground storage and gathering services through regulated and nonregulated pipeline systems primarily in the Rocky Mountain and northern Great Plains regions of the United States. The pipeline and energy services segment also provides energy-related management services, including cable and pipeline magnetization and locating.

NATURAL GAS AND OIL PRODUCTION

WBI Holdings' business also includes the natural gas and oil production segment, which is engaged in natural gas and oil acquisition, exploration and production activities primarily in the Rocky Mountain region of the United States and in and around the Gulf of Mexico.

CONSTRUCTION MATERIALS AND MINING

Knife River mines aggregates and markets crushed stone, sand, gravel and related construction materials, including ready-mixed concrete, cement, asphalt and other value-added products, as well as performs integrated construction services, in the north central and western United States and in the states of Alaska, Hawaii and Texas.

UTILITY SERVICES

Utility Services is a diversified infrastructure company specializing in electric, gas and telecommunication utility construction, as well as industrial and commercial electrical, exterior lighting and traffic signalization throughout most of the United States. Utility Services also provides related specialty equipment manufacturing, sales and rental services.

INDEPENDENT POWER PRODUCTION AND OTHER

Centennial Resources owns electric generating facilities in the United States and has an investment in an electric generating facility in Brazil. Electric capacity and energy produced at these facilities are sold under long-term contracts to nonaffiliated entities. Centennial Resources includes investments in potential new growth opportunities that are not directly being pursued by the other business units, as well as projects outside the United States which are consistent with our philosophy, growth strategy and areas of expertise.

Centennial Capital insures various types of risks as a captive insurer for certain of our subsidiaries. The function of the captive program is to fund the deductible layers of the insured companies' general liability and automobile liability coverages. Centennial Capital also owns certain real and personal property and contract rights.

RECENT DEVELOPMENTS

EARNINGS

For the year ended December 31, 2003, we had consolidated earnings of $174.6 million, compared to $147.7 million for 2002. Earnings per common share, diluted, totaled $1.55, compared to $1.38 for 2002. Earnings for 2003 reflect a $7.6 million after-tax noncash transition charge to earnings reflecting the cumulative effect of the change in accounting for asset retirement obligations as required by the adoption of Statement of Financial Accounting Standards No. 143. In addition, 2002 earnings included the effects of a compromise agreement that resulted in a $16.6 million after-tax gain. Excluding the 2003 $7.6 million accounting charge and the 2002 $16.6 million effect of the compromise agreement, 2003 earnings would have totaled $182.2 million or $1.62 per common share,

diluted, versus $131.1 million or $1.23 per common share for 2002.

GRASSLANDS PIPELINE

The 253-mile Grasslands Pipeline was completed in December 2003 by the pipeline and energy services segment. It will enable us to move the natural gas we produce to broader markets. Firm capacity for the pipeline is currently 90 million cubic feet per day with expansion possible up to 200 million cubic feet per day.

STOCK SPLIT

On August 14, 2003, our board of directors approved a three-for-two common stock split to be effected in the form of a 50 percent common stock dividend. The additional shares of common stock were distributed on October 29, 2003, to common stockholders of record on October 10, 2003. As a result of the stock split, each preference share purchase right under our rights agreement was adjusted to allow its holder to purchase from us two-thirds of one one-thousandth of a share of Series B preference stock for $125, once the preference share purchase rights become exercisable, as discussed under "DESCRIPTION OF THE PREFERENCE SHARE PURCHASE RIGHTS - Exercise Price" in the accompanying prospectus. In addition, our board of directors may redeem the preference share purchase rights for $.00667 per preference share purchase right at any time before any person or group becomes an acquiring person, as discussed under "DESCRIPTION OF THE PREFERENCE SHARE PURCHASE RIGHTS - Redemption" in the accompanying prospectus.

THE OFFERING

The Issuer.....	MDU Resources Group, Inc.
Common Stock Offered.....	2,000,000(a)
Common Stock to be Outstanding after the Offering.....	115,358,701(a)
Risk Factors.....	An investment in the shares involves risk. You should carefully consider each of the risk factors described in this prospectus supplement and the accompanying prospectus under "RISK FACTORS."
Use of Proceeds.....	The net proceeds from the offering will be approximately $44.7 million, after deducting underwriting discounts and commissions and offering expenses payable by us. Approximately $24.0 million of the net proceeds will be used to repay outstanding indebtedness. The remainder of the net proceeds of the sale of these shares will be added to our general funds and may be used for the repayment of outstanding debt obligations, for corporate development purposes (including the acquisition of other businesses and/or business assets), and for other general corporate

5

purposes. See "USE OF PROCEEDS."

New York Stock Exchange and
Pacific Exchange Symbol..... MDU

The number of shares of common stock offered and to be outstanding immediately after the offering does not include:

- 300,000 shares of common stock that the underwriter has an option to purchase from us within 30 days of the date of this prospectus supplement; and
- 4,182,456 shares of common stock issuable upon the exercise of outstanding stock options, as of December 31, 2003, with a weighted average exercise price of $19.09 per share.

(a) All shares of common stock include the appurtenant preference share purchase rights thereto as described more fully in the accompanying prospectus under the caption "DESCRIPTION OF THE PREFERENCE SHARE PURCHASE RIGHTS" and in this prospectus supplement under the caption "SUMMARY - RECENT DEVELOPMENTS - Stock Split."

SUMMARY HISTORICAL FINANCIAL DATA

The following information, which is presented in this prospectus supplement solely to furnish limited introductory information, is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference in the accompanying prospectus.

	FISCAL YEARS ENDED DECEMBER 31,		
	2003 (UNAUDITED)(a)	2002 (AUDITED)(b)(c)	2001 (AUDITED)(c)
	(IN MILLIONS, EXCEPT PER SHARE DATA)		
SELECTED CONSOLIDATED INCOME STATEMENT DATA:			
Operating revenue (by business segment)			
Electric.....	$ 178.6	$ 162.6	$ 168.8
Natural gas distribution.....	274.6	186.6	255.4
Utility services.....	434.2	458.7	364.8
Pipeline and energy services.....	252.2	165.2	531.1
Natural gas and oil production.....	264.3	203.6	209.8
Construction materials and mining.....	1,104.4	962.3	806.9
Independent power production and other.....	35.0	6.8	-
Intersegment eliminations.....	(191.1)	(114.3)	(113.2)
Total Operating Revenues.....	$ 2,352.2	$ 2,031.5	$ 2,223.6
Operating income/(loss) (by business segment)			
Electric.....	$ 35.8	$ 33.9	$ 38.7
Natural gas distribution.....	6.5	2.4	3.6
Utility services.....	12.9	14.0	25.2
Pipeline and energy services.....	35.2	39.1	30.4

6

Natural gas and oil production	118.3	85.6	103.9
Construction materials and mining	91.6	91.4	71.5
Independent power production and other	11.8	(.3)	-
Total Operating Income	$ 312.1	$ 266.1	$ 273.3
Net income	$ 175.3	$ 148.4	$ 155.9
Earnings on common stock	$ 174.6	$ 147.7	$ 155.1
Earnings per common share - basic	$ 1.57	$ 1.39	$ 1.54
Earnings per common share - diluted	$ 1.55	$ 1.38	$ 1.52
Dividends per commons share	$ .6600	$ .6266	$ .6000
Pro forma amounts assuming retroactive application of accounting change:			
Net income	$ 182.9	$ 146.1	$ 152.9
Earnings per common share - basic	$ 1.64	$ 1.37	$ 1.51
Earnings per common share - diluted	$ 1.62	$ 1.36	$ 1.49

(a) Net income, earnings on common stock and earnings per common share amounts (excluding pro forma amounts) include the effect of a $7.6 million after-tax noncash transition charge to earnings reflecting the cumulative effect of the change in accounting for asset retirement obligations as required by the adoption of Statement of Financial Accounting Standards No. 143.

(b) Natural gas and oil production operating revenue and operating income, net income, earnings on common stock and earnings per common share amounts include the effect of a compromise agreement resulting in a $27.4 million ($16.6 million after-tax) gain realized in the first quarter of 2002.

(c) Pro forma amounts have not been audited.

	AT DECEMBER 31,	
	2002 (AUDITED)	2001 (AUDITED)
	(IN THOUSANDS)	
SELECTED CONSOLIDATED BALANCE SHEET DATA:		
Total assets	$2,937,249	$2,623,071
Property, plant and equipment	3,003,996	2,647,121
Less accumulated depreciation, depletion and amortization	1,079,110	942,723
Capitalization:		
Long-term debt	$819,558	$783,709
Preferred stock (without mandatory redemption provisions)	15,000	15,000
Common stockholders' equity	1,283,745	1,109,771
Total Capitalization	$2,118,303	$1,908,480

RISK FACTORS

In considering whether to purchase shares of common stock, you should carefully consider all the information we have included or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the risk factors described below. These are risks we consider to be material to your decision whether to invest in the shares. There may be risks that you view in a different way than we do, and we may omit a risk that we consider immaterial, but you consider important. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. If any of the following risks, or any new risks, occurs, our business, financial condition or results of operations could be materially harmed. In that case, the value or trading price of the shares could decline.

ECONOMIC RISKS

OUR NATURAL GAS AND OIL PRODUCTION BUSINESS IS DEPENDENT ON FACTORS, INCLUDING COMMODITY PRICES, WHICH CANNOT BE PREDICTED OR CONTROLLED.

These factors include: price fluctuations in natural gas and crude oil prices; availability of economic supplies of natural gas; drilling successes in natural gas and oil operations; the ability to contract for or to secure necessary drilling rig contracts and to retain employees to drill for and develop reserves; the ability to acquire natural gas and oil properties; and other risks incidental to the operations of natural gas and oil wells.

THE CURRENT SOFT ECONOMIC ENVIRONMENT AND THE DEPRESSED TELECOMMUNICATIONS MARKET MAY HAVE A GENERAL NEGATIVE IMPACT ON OUR FUTURE REVENUES AND MAY RESULT IN A GOODWILL IMPAIRMENT FOR INNOVATUM, INC., OUR INDIRECT WHOLLY OWNED SUBSIDIARY.

In response to the ongoing war against terrorism by the United States and the bankruptcy of several large energy and telecommunications companies and other large enterprises, the financial markets have been volatile. A soft economy could negatively affect the level of public and private expenditures on projects and the timing of these projects which, in turn, would negatively affect the demand for our products and services.

Innovatum, which specializes in cable and pipeline magnetization and locating, is subject to the economic conditions within the telecommunications and energy industries. Innovatum has also developed a hand-held locating device that can detect both magnetic and plastic materials. Innovatum could face a future goodwill impairment if there is a continued downturn in the telecommunications and energy industries or if it cannot find a successful market for the hand-held locating device. At December 31, 2003, the goodwill amount at Innovatum was approximately $8.3 million. The determination of whether an impairment will occur is dependent on a number of factors, including the level of spending in the telecommunications and energy industries, the success of the hand-held locating device at Innovatum, rapid changes in technology, competitors and potential new customers.

WE RELY ON FINANCING SOURCES AND CAPITAL MARKETS. IF WE WERE UNABLE TO ACCESS FINANCING IN THE FUTURE, OUR ABILITY TO EXECUTE OUR BUSINESS PLANS, MAKE CAPITAL EXPENDITURES OR PURSUE ACQUISITIONS THAT WE MAY OTHERWISE RELY ON FOR FUTURE GROWTH COULD BE IMPAIRED.

We rely on access to both short-term borrowings, including the issuance of commercial paper, and long-term capital markets as a source of liquidity for capital requirements not satisfied by the cash flow from operations. If we are not able to access capital at competitive rates, the ability to implement our

8

business plans may be adversely affected. Market disruptions or a downgrade of our credit ratings may increase the cost of borrowing or adversely affect our ability to access one or more financial markets. Such disruptions could include:

- A severe prolonged economic downturn

- The bankruptcy of unrelated industry leaders in the same line of business
- Capital market conditions generally
- Volatility in commodity prices
- Terrorist attacks
- Global events

ENVIRONMENTAL AND REGULATORY RISKS

SOME OF OUR OPERATIONS ARE SUBJECT TO EXTENSIVE ENVIRONMENTAL LAWS AND REGULATIONS THAT MAY INCREASE OUR COSTS OF OPERATIONS, IMPACT OR LIMIT OUR BUSINESS PLANS, OR EXPOSE US TO ENVIRONMENTAL LIABILITIES. ONE OF OUR SUBSIDIARIES IS SUBJECT TO LITIGATION IN CONNECTION WITH ITS COALBED NATURAL GAS DEVELOPMENT ACTIVITIES.

We are subject to extensive environmental laws and regulations affecting many aspects of our present and future operations including air quality, water quality, waste management and other environmental considerations. These laws and regulations can result in increased capital, operating and other costs, as a result of compliance, remediation, containment and monitoring obligations, particularly with regard to laws relating to power plant emissions and coalbed natural gas development. These laws and regulations generally require us to obtain and comply with a wide variety of environmental licenses, permits, inspections and other approvals. Public officials and entities, as well as private individuals and organizations, may seek to enforce applicable environmental laws and regulations. We cannot predict the outcome (financial or operational) of any related litigation that may arise.

Existing environmental regulations may be revised and new regulations seeking to protect the environment may be adopted or become applicable to us. Revised or additional regulations, which result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from customers, could have a material affect on our results of operations.

Fidelity Exploration & Production Company, our indirect wholly owned subsidiary, has been named as a defendant in, and/or certain of its operations are the subject of, several lawsuits filed in connection with its coalbed natural gas development in the Powder River Basin in Montana and Wyoming. If the plaintiffs are successful in these lawsuits, the ultimate outcome of the actions could have a material effect on Fidelity's existing coalbed natural gas operations and/or its future development of its coalbed natural gas properties.

WE ARE SUBJECT TO EXTENSIVE GOVERNMENT REGULATIONS THAT MAY HAVE A NEGATIVE IMPACT ON OUR BUSINESS AND OUR RESULTS OF OPERATIONS.

We are subject to regulation by federal, state and local regulatory agencies with respect to, among other things, allowed rates of return, financings, industry rate structures, and recovery of purchased power and purchased gas costs. These governmental regulations significantly influence our operating environment and may affect our ability to recover costs from our

customers. We are unable to predict the impact on operating results from the future regulatory activities of any of these agencies.

Changes in regulations or the imposition of additional regulations could have an adverse impact on our results of operations.

RISKS RELATING TO OUR INDEPENDENT POWER PRODUCTION BUSINESS

THE OPERATION OF POWER GENERATION FACILITIES INVOLVES MANY RISKS, INCLUDING START-UP RISKS, BREAKDOWN OR FAILURE OF EQUIPMENT, COMPETITION, INABILITY TO OBTAIN REQUIRED GOVERNMENTAL PERMITS AND APPROVALS AND INABILITY TO NEGOTIATE ACCEPTABLE ACQUISITION, CONSTRUCTION, FUEL SUPPLY, OFF-TAKE, TRANSMISSION OR OTHER MATERIAL AGREEMENTS, AS WELL AS THE RISK OF PERFORMANCE BELOW EXPECTED LEVELS OF OUTPUT OR EFFICIENCY.

We have begun construction of a 113-megawatt coal-fired development project in Hardin, Montana. Based on demand and power pricing in the Northwest, the plant is being built on a merchant basis. Unanticipated events could delay completion of construction, start-up and/or operation of the project. Changes in the market price for power from our projections could also negatively impact earnings to be derived from the project.

Risks Relating To Foreign Operations

THE VALUE OF OUR INVESTMENT IN FOREIGN OPERATIONS MAY DIMINISH DUE TO POLITICAL, REGULATORY AND ECONOMIC CONDITIONS AND CHANGES IN CURRENCY EXCHANGE RATES IN COUNTRIES WHERE WE DO BUSINESS.

We are subject to political, regulatory and economic conditions and changes in currency exchange rates in foreign countries where we do business. Significant changes in the political, regulatory or economic environment in these countries could negatively affect the value of our investments located in these countries. Also, since we are unable to predict the fluctuations in the foreign currency exchange rates, these fluctuations may have an adverse impact on our results of operations.

Our 49 percent equity-method investment in a 220-megawatt natural gas-fired electric generation project in Brazil includes a power purchase agreement that contains an embedded derivative. This embedded derivative derives its value from an annual adjustment factor that largely indexes the contract capacity payments to the U.S. dollar. In addition, from time to time, other derivative instruments may be utilized. The valuation of these financial instruments, including the embedded derivative, can involve judgments, uncertainties and the use of estimates. As a result, changes in the underlying assumptions could affect the reported fair value of these instruments. These instruments could recognize financial losses as a result of volatility in the underlying fair values, or if a counterparty fails to perform.

Other Risks

COMPETITION IS INCREASING IN ALL OF OUR BUSINESSES.

All of our businesses are subject to increased competition. The independent power industry includes numerous strong and capable competitors, many of which have greater resources and more experience in the operation, acquisition and development of power generation facilities. Utility services' competition is based primarily on price and reputation for quality, safety and reliability. The construction materials products are marketed under highly competitive conditions and are subject to such competitive forces as price, service, delivery time and proximity to the customer. The electric utility and natural gas industries are

also experiencing increased competitive pressures as a result of consumer demands, technological advances, deregulation, greater availability of natural gas-fired generation and other factors. Pipeline and energy services competes with several pipelines for access to natural gas supplies and gathering, transportation and storage business. The natural gas and oil production business is subject to competition in the acquisition and development of natural gas and oil properties as well as in the sale of its production output.

WEATHER CONDITIONS CAN ADVERSELY AFFECT OUR OPERATIONS AND REVENUES.

Our results of operations can be affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas, affect the wind-powered operation at the independent power production business, affect the price of energy commodities, affect the ability to perform services at the utility services and construction materials and mining businesses and affect ongoing operation and maintenance activities for the pipeline and energy services and natural gas and oil production businesses. In addition, severe weather can be destructive, causing outages and/or property damage, which could require additional costs to be incurred. As a result, adverse weather conditions could negatively affect our results of operations and financial condition.

USE OF PROCEEDS

The net proceeds from the offering will be approximately $44.7 million, after deducting underwriting discounts and commissions and offering expenses payable by us. We intend to use the net proceeds from the sale of the shares: (1) to repay approximately $5.0 million of our outstanding commercial paper indebtedness; (2) to loan approximately $19.0 million to our subsidiaries for the repayment of outstanding commercial paper indebtedness; and (3) to add the remainder of the net proceeds to our general funds for the repayment of outstanding debt obligations, for corporate development purposes (including the acquisition of other businesses and/or business assets), and for other general corporate purposes. At December 31, 2003, we had approximately $40.0 million aggregate principal amount of commercial paper indebtedness (excluding subsidiary commercial paper indebtedness) outstanding, maturing in varying amounts either weekly or monthly and bearing interest at a weighted average rate of 1.1% per annum, and our subsidiaries had approximately $32.5 million aggregate principal amount of commercial paper indebtedness outstanding, maturing in varying amounts either weekly or monthly and bearing interest at a weighted average rate of 1.1% per annum.

CAPITALIZATION

The following table sets forth our consolidated long-term debt, preferred stock (without mandatory redemption provisions) and common stockholders' equity at December 31, 2003, and as adjusted to reflect the issuance of the shares of common stock (net of underwriting discounts and commissions and estimatated offering expenses of $350,000) and the use of approximately $24.0 million of the proceeds from such issuance to repay outstanding indebtedness incurred by us and our subsidiaries. Our information set forth in the table below is reported on a consolidated basis and is only a summary and should be read together with our consolidated financial statements and the related notes, in each case incorporated by reference in this prospectus supplement and the accompanying prospectus.

	At December 31, 2003 (unaudited)	
	Actual	As Adjusted

	(In thousands)	
Cash and cash equivalents	$ 86,341	$ 107,045
CAPITALIZATION:		
Long-term debt	$ 939,450	$ 915,450
Preferred stock (without mandatory redemption provisions)	15,000	15,000
Common stockholders' equity	1,435,636	1,480,340
Total Capitalization	$ 2,390,086	$2,410,790

COMMON STOCK DIVIDENDS AND PRICE RANGE

For a description of our common stock and the appurtenant preference share purchase rights thereto, see "DESCRIPTION OF THE COMMON STOCK" and "DESCRIPTION OF THE PREFERENCE SHARE PURCHASE RIGHTS" in the accompanying prospectus and "SUMMARY - RECENT DEVELOPMENTS - Stock Split" in this prospectus supplement.

The following table sets forth the high and low sales prices per share of the common stock reported by The Wall Street Journal composite tape and the dividends declared for the indicated periods.

	PRICE RANGE		
	HIGH(a)	LOW(a)	DIVIDENDS PER SHARE(a)
Fiscal Year Ended December 31, 2002:			
First Quarter	$20.73	$18.17	$ .1533
Second Quarter	22.30	17.17	.1533
Third Quarter	18.27	12.00	.1600
Fourth Quarter	17.33	13.94	.1600
			$ .6266
Fiscal Year Ended December 31, 2003:			
First Quarter	$18.87	$16.41	$.1600
Second Quarter	22.66	18.55	.1600
Third Quarter	23.32	20.37	.1700
Fourth Quarter	24.35	22.23	.1700
			$.6600
Fiscal Quarter Ending March 31, 2004: (Through February 4, 2004)	$24.35	$23.00	$ -

(a) Reflects our three-for-two common stock split effected in October 2003.

The last reported sale price for the common stock on the NYSE on February 4, 2004 was $23.32 per share. As of December 31, 2003, the Company's common stock was held by approximately 14,900 stockholders of record.

The next quarterly dividend is expected to be paid on April 1, 2004 to stockholders of record on March 11, 2004.

12

UNDERWRITING

We are offering the shares of our common stock described in the accompanying prospectus through A.G. Edwards & Sons, Inc. and Edward D. Jones & Co., L.P., as underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and the underwriters have severally agreed to purchase from us, the respective number of shares of common stock set forth opposite the name of such underwriter below:

Name	Number of Shares
A.G. Edwards & Sons, Inc.	1,200,000
Edward D. Jones & Co., L.P.	800,000
Total	2,000,000

The underwriters initially will offer the shares to the public at the price specified on the cover page of this prospectus supplement. The underwriters may allow to some dealers a concession of not more than $0.473 per share. The underwriters also may allow, and any dealers may reallow, a concession of not more than $0.10 per share to some other dealers. If all the shares are not sold at the public offering price, the underwriters may change the offering price and the other selling terms. The common stock is offered subject to a number of conditions, including:

- receipt and acceptance of the common stock by the underwriters; and
- the underwriter's right to reject orders in whole or in part.

The underwriters are committed to take and pay for all the shares of common stock offered hereby (other than those covered by the over-allotment option described below) if any such shares are taken. In the event of a default by an underwriter, the underwriting agreement provides that, in certain circumstances, the purchase commitment of the non-defaulting underwriter may be increased or the underwriting agreement may be terminated.

The underwriters have an option to buy up to 300,000 additional shares of common stock from us to cover sales of shares of the common stock by the underwriters made in connection with this offering which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus supplement to exercise this option.

The following table shows the per share and total public offering price, underwriting discounts and commissions to be paid to the underwriters and proceeds before expenses to us, assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	PER SHARE	NO EXERCISE	FULL EXERCISE
Public offering price	$23.320	$46,640,000	$53,636,000
Underwriting discounts and commissions	$ 0.793	$ 1,586,000	$ 1,823,900
Proceeds, before expenses, to us	$22.527	$45,054,000	$51,812,100

13

We estimate that the expenses of this offering payable by us, not including underwriting discounts and commissions, will be $350,000.

We have agreed that, for a period of 45 days from the date of this prospectus supplement, we will not, without the prior written consent of the underwriters:

(1) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of common stock or any securities

convertible into or exercisable or exchangeable for common stock or file any registration statement under the Securities Act of 1933 Act with respect to any of the foregoing or

(2) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of common stock,

whether any such swap or transaction described in (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, except with respect to us for:

(A) the shares of common stock to be sold in this offering,

(B) any shares of common stock issued or options to purchase common stock granted pursuant to our existing benefit plans,

(C) any shares of common stock issued pursuant to any non-employee director stock plan or dividend reinvestment plan, or

(D) any shares of common stock issued in connection with mergers or acquisitions completed in the ordinary course of business by us or our subsidiaries, which shares may not be resold in a public offering prior to the expiration of the aforementioned 45-day period.

None of our officers and directors have entered into any similar lock-up agreement and may sell their shares of common stock at any time.

We will indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933. If we are unable to provide this indemnification, we will contribute to payments the underwriters may be required to make in respect of those liabilities.

In connection with this offering, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of the common stock, including: stabilizing transactions; short sales; syndicate covering transactions; imposition of penalty bids; and purchases to cover positions created by short sales.

Stabilizing transactions involve making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this

offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' over-allotment option referred to above, or may be "naked" shorts, which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the over-allotment option.

A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover their positions.

The underwriters may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales,

the underwriters can require the selling group members that sold those shares as part of this offering to repay the concession received by them.

As a result of these activities, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the New York Stock Exchange and the Pacific Exchange, in the over-the-counter-market or otherwise.

The underwriters and their affiliates have from time to time provided investment banking, financial advisory and lending services to us and our affiliates in the ordinary course of business for which they have received customary fees, and they may continue to do so.

EXPERTS

The consolidated financial statements and consolidated financial statement schedule incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2002, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports which are incorporated herein by reference (which express an unqualified opinion and include an explanatory paragraph relating to the application of certain procedures relating to certain other disclosures and reclassifications of financial statement amounts related to the 2001 and 2000 consolidated financial statements that were audited by other auditors for which Deloitte & Touche LLP has expressed no opinion or other form of assurance other than with respect to such disclosures and reclassifications), and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

Our consolidated financial statements and schedule as of December 31, 2001, and for the years ended December 31, 2001 and 2000 incorporated in this prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2002 were audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto (which expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of a new accounting principle), and have been so incorporated in reliance upon the report and upon the authority of that firm as experts in

accounting and auditing in giving the report. On February 14, 2002, we dismissed Arthur Andersen LLP as our independent public accounting firm, and on March 25, 2002, we hired Deloitte & Touche LLP as our independent auditors for the 2002 fiscal year. Since that time, Arthur Andersen LLP was convicted on federal charges of obstruction of justice, and in August 2002, Arthur Andersen LLP ceased performing auditing services worldwide. These events may materially and adversely affect the ability of Arthur Andersen LLP to satisfy all of their existing and future obligations, including claims under the federal securities laws. Accordingly, purchasers of our securities may be limited in their ability to recover damages from Arthur Andersen LLP for any claims that may arise out of Arthur Andersen LLP's audit of our financial statements. In addition, we were not able to obtain the consent of Arthur Andersen LLP as required by Section 7 of the Securities Act to the incorporation by reference of their report on the audited financial statements into the registration statement. As a result of Arthur Andersen LLP not having provided a consent, the ability of purchasers of our securities to assert claims and seek remedies against Arthur Andersen LLP may be limited with respect to their report, particularly those remedies arising under Section 11 of the Securities Act.

LEGAL MATTERS

The validity of the shares will be passed upon for us by Cynthia J. Norland, Esq., our Acting General Counsel, and also by Thelen Reid & Priest LLP, New York, New York. Certain legal matters relating to the shares will be passed upon for the underwriters by Shearman & Sterling LLP, New York, New York.

PROSPECTUS

$500,000,000

MDU RESOURCES GROUP, INC.

DEBT SECURITIES
COMMON STOCK
AND
PREFERENCE SHARE PURCHASE RIGHTS

We may offer from time to time up to an aggregate of $500,000,000 of our securities. We will provide the specific terms of our securities, including their offering prices, in supplements to this prospectus. The supplements may also add, update or change information contained in this prospectus. The names of any underwriters or agents will also be stated in an accompanying prospectus supplement. You should read this prospectus and any supplements carefully before you invest.

Our common stock is listed on the New York Stock Exchange and the Pacific Exchange under the symbol "MDU." Any common stock sold in this offering will be listed on the New York Stock Exchange and the Pacific Exchange.

See "Risk Factors" beginning on page 1 to read about certain factors you should consider before investing in the securities.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Our principal executive offices are located at MDU Resources Group, Inc., Schuchart Building, 918 East Divide Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, and our telephone number is (701) 222-7900.

We may offer our securities directly or through agents, underwriters or dealers. If an agent or any underwriter is involved in the sale of any of our securities covered by this prospectus, the names of those agents or underwriters, any applicable discounts, commissions or allowances and a description of any indemnification arrangements will be contained in a prospectus supplement. The "Plan of Distribution" section beginning on page 39 of this prospectus provides more information on this topic.

The date of this Prospectus is September 26, 2003.

TABLE OF CONTENTS

	PAGE
RISK FACTORS	1
FORWARD-LOOKING STATEMENTS	4
WHERE YOU CAN FIND MORE INFORMATION ABOUT US	5
MDU RESOURCES GROUP, INC	6
RATIO OF EARNINGS TO FIXED CHARGES	7
USE OF PROCEEDS	7
SELECTED CONSOLIDATED FINANCIAL DATA	8
DESCRIPTION OF THE DEBT SECURITIES	9
DESCRIPTION OF THE FIRST MORTGAGE BONDS	28
DESCRIPTION OF THE COMMON STOCK	32
DESCRIPTION OF THE PREFERENCE SHARE PURCHASE RIGHTS	36
PLAN OF DISTRIBUTION	39
EXPERTS	40
LEGAL OPINIONS	40

RISK FACTORS

In considering whether to purchase any of the securities being offered, you should carefully consider all the information we have included or incorporated by reference in this prospectus. In particular, you should carefully consider the risk factors described below.

ECONOMIC RISKS

THE RECENT EVENTS LEADING TO THE CURRENT ADVERSE ECONOMIC ENVIRONMENT MAY HAVE A GENERAL NEGATIVE IMPACT ON OUR FUTURE REVENUES AND MAY RESULT IN A GOODWILL IMPAIRMENT FOR INNOVATUM, INC., OUR INDIRECT WHOLLY OWNED SUBSIDIARY.

In response to the occurrence of several recent events, including the September 11, 2001, terrorist attack on the United States, the ongoing war against terrorism by the United States and the bankruptcy of several large energy and telecommunications companies and other large enterprises, the financial markets have been highly volatile. An adverse economy could negatively affect the level of governmental expenditures on public projects and the timing of these projects which, in turn, would negatively affect the demand for our products and services.

Innovatum, which specializes in cable and pipeline magnetization and locating, is subject to the economic conditions within the telecommunications and energy industries. Innovatum could face a future goodwill impairment if there is a continued downturn in these sectors. At June 30, 2003, the goodwill amount at Innovatum was approximately $8.3 million. The determination of whether

an impairment will occur is dependent on a number of factors, including the level of spending in the telecommunications and energy industries, rapid changes in technology, competitors and potential new customers.

WE RELY ON FINANCING SOURCES AND CAPITAL MARKETS. OUR INABILITY TO ACCESS FINANCING MAY IMPAIR OUR ABILITY TO EXECUTE OUR BUSINESS PLANS, MAKE CAPITAL EXPENDITURES OR PURSUE ACQUISITIONS THAT WE MAY OTHERWISE RELY ON FOR FUTURE GROWTH.

We rely on access to both short-term borrowings, including the issuance of commercial paper, and long-term capital markets as a source of liquidity for capital requirements not satisfied by the cash flow from operations. If we are not able to access capital at competitive rates, the ability to implement our business plans may be adversely affected. Market disruptions or a downgrade of our credit ratings may increase the cost of borrowing or adversely affect our ability to access one or more financial markets. Such disruptions could include:

- A severe prolonged economic downturn
- The bankruptcy of unrelated industry leaders in the same lines of business
- Capital market conditions generally
- Volatility in commodity prices
- Terrorist attacks
- Global events

OUR NATURAL GAS AND OIL PRODUCTION BUSINESS IS DEPENDENT ON FACTORS, INCLUDING COMMODITY PRICES, WHICH CANNOT BE PREDICTED OR CONTROLLED.

These factors include: price fluctuations in natural gas and crude oil prices; availability of economic supplies of natural gas; drilling successes in natural gas and oil operations; the ability to contract for or to secure necessary drilling rig contracts and to retain employees to drill for and develop reserves; the ability to acquire natural gas and oil properties; and other risks incidental to the operations of natural gas and oil wells.

ENVIRONMENTAL AND REGULATORY RISKS

SOME OF OUR OPERATIONS ARE SUBJECT TO EXTENSIVE ENVIRONMENTAL LAWS AND REGULATIONS THAT MAY INCREASE OUR COSTS OF OPERATIONS, IMPACT OR LIMIT OUR BUSINESS PLANS, OR EXPOSE US TO ENVIRONMENTAL LIABILITIES. ONE OF OUR SUBSIDIARIES HAS BEEN SUED IN CONNECTION WITH ITS COALBED NATURAL GAS DEVELOPMENT ACTIVITIES.

We are subject to extensive environmental laws and regulations affecting many aspects of our present and future operations including air quality, water quality, waste management and other environmental considerations. These laws and regulations can result in increased capital, operating and other costs, as a result of compliance, remediation, containment and monitoring obligations, particularly with regard to laws relating to power plant emissions and coalbed natural gas development. These laws and regulations generally require us to obtain and comply with a wide variety of environmental licenses, permits, inspections and other approvals. Both public officials and private individuals may seek to enforce applicable environmental laws and regulations. We cannot predict the outcome (financial or operational) of any related litigation that may arise.

Existing environmental regulations may be revised and new regulations seeking to protect the environment may be adopted or become applicable to us. Revised or additional regulations, which result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from customers, could have a material affect on our results of operations.

Fidelity Exploration & Production Company, our indirect wholly owned subsidiary, has been named as a defendant in several lawsuits filed in connection with its coalbed natural gas development in the Powder River Basin in Montana and Wyoming. If the plaintiffs are successful in these lawsuits, the ultimate outcome of the actions could have a material effect on Fidelity's future development of its coalbed natural gas properties.

WE ARE SUBJECT TO EXTENSIVE GOVERNMENT REGULATIONS THAT MAY HAVE A NEGATIVE IMPACT ON OUR BUSINESS AND OUR RESULTS OF OPERATIONS.

We are subject to regulation by federal, state and local regulatory agencies with respect to, among other things, allowed rates of return, financings, industry rate structures, and recovery of purchased power and purchased gas costs. These governmental regulations significantly influence our operating environment and may affect our ability to recover costs from our customers. We are unable to predict the impact on operating results from the future regulatory activities of any of these agencies.

Changes in regulations or the imposition of additional regulations could have an adverse impact on our results of operations.

RISKS RELATING TO OUR INDEPENDENT POWER PRODUCTION BUSINESS

THERE ARE RISKS INVOLVED WITH THE GROWTH STRATEGIES OF OUR INDEPENDENT POWER PRODUCTION BUSINESS. IF WE ARE UNABLE TO ACCESS MARKETS PREVIOUSLY UNAVAILABLE TO A PROPOSED 113-MEGAWATT COAL-FIRED ELECTRIC GENERATION STATION IN MONTANA, WE MAY NOT COMPLETE CONSTRUCTION OR COMMENCE OPERATION OF THAT FACILITY, WHICH MAY RESULT IN AN ASSET IMPAIRMENT.

The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, competition, inability to obtain required governmental permits and approvals and inability to negotiate acceptable acquisition, construction, fuel supply or other material agreements, as well as the risk of performance below expected levels of output or efficiency.

Our plans to construct a 113-megawatt coal-fired electric generation station in Montana are pending. We purchased plant equipment and obtained all permits necessary to begin construction. NorthWestern Energy terminated the power purchase agreement for the energy from this plant in July 2002; however, we are in the process of accessing markets previously unavailable to this

project and plan to resume construction in the near future to the extent access to such markets is secured. We have suspended construction activities except for those items of a critical nature. At June 30, 2003, our investment in this project was approximately $29.6 million. If it is not economically feasible for us to construct and operate this facility or if alternate markets cannot be identified, an asset impairment may occur.

RISKS RELATING TO FOREIGN OPERATIONS

THE VALUE OF OUR INVESTMENT IN FOREIGN OPERATIONS MAY DIMINISH DUE TO POLITICAL, REGULATORY AND ECONOMIC CONDITIONS AND CHANGES IN CURRENCY EXCHANGE RATES IN COUNTRIES WHERE WE DO BUSINESS.

We are subject to political, regulatory and economic conditions and changes in currency exchange rates in foreign countries where we do business. Significant changes in the political, regulatory or economic environment in these countries could negatively affect the value of our investments located in these countries. Also, since we are unable to predict the fluctuations in the foreign currency exchange rates, these fluctuations may have an adverse impact on our results of operations.

Our 49 percent equity method investment in a 220-megawatt natural gas-fired electric generation project in Brazil includes a power purchase agreement that contains an embedded derivative. This embedded derivative derives its value from an annual adjustment factor that largely indexes the contract capacity payments to the U.S. dollar. In addition, from time to time, other derivative instruments may be utilized. The valuation of these financial instruments, including the embedded derivative, can involve judgments, uncertainties and the use of estimates. As a result, changes in the underlying assumptions could affect the reported fair value of these instruments. These instruments could recognize financial losses as a result of volatility in the underlying fair values, or if a counterparty fails to perform.

OTHER RISKS

COMPETITION IS INCREASING IN ALL OF OUR BUSINESSES.

All of our businesses are subject to increased competition. The independent power industry includes numerous strong and capable competitors, many of which have greater resources and more experience in the operation, acquisition and development of power generation facilities. Utility services' competition is based primarily on price and reputation for quality, safety and reliability. The construction materials products are marketed under highly competitive conditions and are subject to such competitive forces as price, service, delivery time and proximity to the customer. The electric utility and natural gas industries are also experiencing increased competitive pressures as a result of consumer demands, technological advances, deregulation, greater availability of natural gas-fired generation and other factors. Pipeline and energy services competes with several pipelines for access to natural gas supplies and gathering, transportation and storage business. The natural gas and oil production business is subject to competition in the acquisition and development of natural gas and oil properties.

WEATHER CONDITIONS CAN ADVERSELY AFFECT OUR OPERATIONS AND REVENUES.

Our results of operations can be affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas, affect the price of energy commodities, affect the ability to perform services at the utility services and construction materials and mining businesses and affect ongoing operation and maintenance activities for the pipeline and energy services and natural gas and oil production businesses. In addition, severe weather can be destructive, causing outages and/or property damage, which could require additional costs to be incurred. As a result, adverse weather conditions could negatively affect our results of operations and financial conditions.

FORWARD-LOOKING STATEMENTS

We are including these cautionary statements in this prospectus to make applicable and to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by us or on our behalf. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and

underlying assumptions (many of which are based, in turn, upon further assumptions) and other statements which are other than statements of historical facts. From time to time, we may publish or otherwise make available forward-looking statements of this nature. All these subsequent forward-looking statements, whether written or oral and whether made by us or on our behalf, are also expressly qualified by these cautionary statements.

Forward-looking statements involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed. Our expectations, beliefs and projections are expressed in good faith and are believed by us to have a reasonable basis, including without limitation management's examination of historical operating trends, data contained in our records and other data available from third parties. Nonetheless, our expectations, beliefs or projections may not be achieved or accomplished.

Any forward-looking statement contained in this document or any document incorporated by reference into this document speaks only as of the date on which the statement is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of the factors, nor can it assess the effect of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Following are some specific factors that should be considered for a better understanding of our financial condition. These factors are important factors that could cause our actual results or outcomes to differ materially from those discussed in the forward-looking statements included elsewhere in this prospectus.

- Acquisition and disposal of assets or facilities
- Changes in operation and construction of plant facilities
- Changes in present or prospective generation
- Changes in anticipated tourism levels
- The availability of economic expansion or development opportunities
- Population growth rates and demographic patterns
- Market demand for energy from plants or facilities
- Changes in tax rates or policies
- Unanticipated project delays or changes in project costs
- Unanticipated changes in operating expenses or capital expenditures
- Labor negotiations or disputes
- Inflation rates
- Inability of various counterparties to meet their contractual obligations
- Changes in accounting principles and/or the application of such principles to us
- Changes in technology and legal proceedings
- The ability to effectively integrate the operations of acquired companies
- Variations in weather
- Unanticipated increases in competition
- Changes in currency exchange rates
- Increased governmental regulation
- Fluctuations in natural gas and crude oil prices
- Decline in general economic environment

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We file annual, quarterly and other reports and other information with the

Securities and Exchange Commission. You can read and copy any information filed by us with the Securities and Exchange Commission at the Securities and Exchange Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can obtain additional information about the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330.

In addition, the Securities and Exchange Commission maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Securities and Exchange Commission, including MDU Resources.

The Securities and Exchange Commission allows us to "incorporate by reference" the information that we file with the Securities and Exchange Commission which means that we may disclose important information to you by referring you to those documents in this prospectus. The information incorporated by reference is an important part of this prospectus. We are incorporating by reference the documents listed below and any future filings we make with the Securities and Exchange Commission under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we terminate this offering. Any of those future filings will update, supersede and replace the information contained in any documents incorporated by reference in this prospectus at the time of the future filings.

1. MDU Resources' Annual Report on Form 10-K for the year ended December 31, 2002 (including portions of the Annual Report to Stockholders), filed February 28, 2003 (SEC File No. 1-3480);

2. MDU Resources' Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, filed May 14, 2003 (SEC File No. 1-3480);

3. MDU Resources' Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, filed August 13, 2003 (SEC File No. 1-3480);

4. MDU Resources' Current Report on Form 8-K, filed January 29, 2003 (SEC File No. 1-3480);

5. MDU Resources' Current Report on Form 8-K, filed March 13, 2003 (SEC File No. 1-3480);

6. MDU Resources' Current Report on Form 8-K, filed September 10, 2003 (SEC File No. 1-3480);

7. MDU Resources' Registration Statement on Form 8-A, filed September 21, 1994, Amendment No. 1 thereto, filed March 23, 2000 and Amendment No. 2 thereto, filed March 10, 2003 (SEC File No. 1-3480);

8. MDU Resources' Registration Statement on Form 8-A filed November 12, 1998, and Amendment No. 1 thereto, filed March 23, 2000 (SEC File No. 1-3480); and

9. Proxy Statement for an annual meeting of stockholders held on April 22, 2003, filed March 6, 2003 (SEC File No. 1-3480).

You may request a copy of these documents, at no cost to you, by writing or calling Office of the Treasurer, MDU Resources Group, Inc., Schuchart Building, 918 East Divide Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, telephone (701) 222-7900.

You should rely only on the information contained in, or incorporated by reference in, this prospectus and the prospectus supplement. We have not, and any underwriters, agents or dealers have not, authorized anyone else to provide you with different information. We are not, and any underwriters, agents or dealers are not, making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in

22

this prospectus and the prospectus supplement is accurate as of any date other than the date on the front of the prospectus supplement or that the information incorporated by reference in this prospectus is accurate as of any date other than the date on the front of those documents.

Our consolidated financial statements for the year ended December 31, 2001, incorporated into this document by reference were audited by Arthur Andersen LLP. After reasonable efforts, we have not been able to obtain Arthur Andersen LLP's consent to the incorporation by reference of its audit report dated January 23, 2002 into the registration statement of which this prospectus is a part. Rule 437a under the Securities Act of 1933 permits us to file the registration statement and this prospectus without Arthur Andersen LLP's written consent, but as a result of the lack of Arthur Andersen LLP's consent, you may not be able to sue Arthur Andersen LLP pursuant to Section 11(a)(4) of the Securities Act of 1933 and your right of recovery under that section may be limited.

Upon the recommendations of the audit committee, our Board of Directors, in February 2002, approved the dismissal of Arthur Andersen LLP as our independent public accountants following the 2001 audit and, in March 2002, approved the selection of Deloitte & Touche LLP as independent public accountants for the 2002 fiscal year.

MDU RESOURCES GROUP, INC.

We are a diversified natural resource company which was incorporated under the laws of the state of Delaware in 1924. Our principal executive offices are at the Schuchart Building, 918 East Divide Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, telephone (701) 222-7900.

Montana-Dakota Utilities Co., one of our public utility divisions, through the electric and natural gas distribution segments, generates, transmits and distributes electricity and distributes natural gas in the northern Great Plains. Great Plains Natural Gas Co., another one of our public utility divisions, distributes natural gas in southeastern North Dakota and western Minnesota. These operations also supply related value-added products and services in the northern Great Plains.

Through our wholly owned subsidiary, Centennial Energy Holdings, Inc., we own WBI Holdings, Inc., Knife River Corporation, Utility Services, Inc., Centennial Energy Resources LLC and Centennial Holdings Capital LLC.

WBI Holdings is comprised of the pipeline and energy services and the natural gas and oil production segments. The pipeline and energy services segment provides natural gas transportation, underground storage and gathering services through regulated and nonregulated pipeline systems primarily in the Rocky Mountain and northern Great Plains regions of the United States. The pipeline and energy services segment also provides energy-related management services, including cable and pipeline magnetization and locating. The natural gas and oil production segment is engaged in natural gas and oil acquisition, exploration and production activities primarily in the Rocky Mountain region of the United States and in the Gulf of Mexico.

Knife River mines aggregates and markets crushed stone, sand, gravel and other related construction materials, including ready-mixed concrete, cement, asphalt and other value-added products, as well as performs integrated construction services, in the north central and western United States and in the states of Alaska, Hawaii and Texas.

Utility Services is a diversified infrastructure company specializing in electric, gas and telecommunication utility construction, as well as industrial and commercial electrical, exterior lighting and traffic

signalization throughout most of the United States. Utility Services also provides related specialty equipment manufacturing, sales and rental services.

Centennial Resources owns electric generating facilities in the United States and has an investment in an electric generating facility in Brazil. Electric capacity and energy produced at these facilities are sold under long-term contracts to nonaffiliated entities. Centennial Resources includes investments in potential new growth opportunities that are not directly being pursued by the other business units, as well as projects outside the United States which are consistent with our philosophy, growth strategy and areas of expertise. These activities are reflected in independent power production and other.

Centennial Capital insures and reinsures various types of risks as a captive insurer for certain of our subsidiaries. The function of the captive program is to fund the deductible layers of the insured companies' general liability and automobile liability coverages. Centennial Capital also owns certain real and personal property and contract rights. These activities are reflected in independent power production and other.

RECENT DEVELOPMENTS

On August 14, 2003, the Company's Board of Directors voted to split the common stock of the Company on a three-for-two basis subject to obtaining the approval of the appropriate regulatory agencies. The stock split will be effected in the form of a 50 percent stock dividend. It is expected that the necessary regulatory approvals can be obtained so the split can be effective on October 29, 2003, for shareholders of record on October 10, 2003.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows our ratio of earnings to fixed charges for the periods indicated:

Fiscal Quarter Ended June 30, 2003	Fiscal Years Ended December 31, 2002	2001	2000	1999	1998
5.0	4.9	5.4	4.2	4.5	2.5

USE OF PROCEEDS

Except as may otherwise be set forth in the prospectus supplement, the net proceeds from the sale of the securities may be used for the refunding of outstanding debt obligations, for corporate development purposes (including the potential acquisition of businesses and/or assets), and for other general business purposes.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data presented below was derived from

24

our audited consolidated financial statements and related notes. This information is qualified in its entirety by and should be read together with our audited consolidated financial statements and related notes incorporated by reference in this prospectus. See "Where You Can Find More Information About Us."

Year Ended December 31,	2002	2001	2000
Proforma amounts assuming retroactive application of accounting change:			
Net income (1)	$146,052	$152,933	$108,951
Earnings per common share -- basic (1)	$ 2.05	$ 2.26	$ 1.77
Earnings per common share -- diluted (1)	$ 2.04	$ 2.24	$ 1.76

(1) On January 1, 2003, we adopted Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for the recorded amount or incurs a gain or loss upon settlement.

Upon adoption of SFAS No. 143, we recorded obligations related to the plugging and abandonment of natural gas and oil wells; decommissioning of certain electric generating facilities; reclamation of certain aggregate properties and certain other obligations associated with leased properties. Removal costs associated with certain natural gas distribution, transmission, storage and gathering facilities have not been recognized as these facilities have been determined to have indeterminate useful lives.

In addition, upon adoption of SFAS No. 143, we recorded an additional discounted liability of $22.5 million and a regulatory asset of $493,000, increased net property, plant and equipment by $9.6 million and recognized a one-time cumulative effect charge of $7.6 million (net of deferred income tax benefits of $4.8 million). We believe that any expenses under SFAS No. 143 as they relate to regulated operations will be recovered in rates over time and accordingly, deferred such expenses as a regulatory asset upon adoption. We will continue to defer those SFAS No. 143 expenses that we believe will be recovered in rates over time. In addition to the $22.5 million liability recorded upon the adoption of SFAS No. 143, we had previously recorded a $7.5 million liability related to retirement obligations.

If SFAS No. 143 had been in effect during 2002 and 2001, our liability would have been approximately $27.0 million and $31.4 million at January 1, 2002 and January 1, 2001, respectively, including previously recorded liabilities of $6.1 million and $15.1 million related to retirement obligations at January 1, 2002 and January 1, 2001, respectively.

25

DESCRIPTION OF THE DEBT SECURITIES

The following description sets forth the general terms and provisions of the Debt Securities that we may offer by this prospectus. We will describe the particular terms of the Debt Securities, and provisions that vary from those described below, in one or more prospectus supplements.

We may issue the Debt Securities from time to time in the future, in one or more series, under an indenture as it may be supplemented from time to time (Indenture) between us and The Bank of New York, as trustee, or the Indenture Trustee. A form of the Indenture is filed as an exhibit to the registration statement relating to the Debt Securities.

This section of the prospectus contains a summary of all material provisions of the Indenture. The Indenture and its associated documents contain the full legal text of the matters described in this section. Because this section is a summary, it does not describe every aspect of the Debt Securities or the Indenture. This summary is subject to and qualified in its entirety by reference to all the provisions of the Indenture, including definitions of some of the terms used in the Indenture. We also include references in parentheses to some of the sections of the Indenture. Whenever we refer to particular sections or defined terms of the Indenture in this prospectus or in a prospectus supplement, these sections or defined terms are incorporated by reference into this document or in the prospectus supplement. This summary also is subject to and qualified by reference to the description of the particular terms of each series of Debt Securities described in the applicable prospectus supplement or supplements. The Indenture has been qualified under the Trust Indenture Act, and you should also refer to the Trust Indenture Act for provisions that apply to the Debt Securities.

There is no requirement under the Indenture that future issuances of debt securities be issued exclusively under the Indenture, and we will be free to employ other indentures or agreements containing provisions different from those included in the Indenture or applicable to one or more issues of debt securities, in connection with future issues of the other debt securities.

GENERAL

The Indenture permits us to issue an unlimited amount of Debt Securities from time to time. All Debt Securities of any one series need not be issued at the same time, and a series may be reopened for issuances of additional Debt Securities of that series. This means that we may from time to time, without the consent of the existing holders of the Debt Securities of any series, create and issue additional Debt Securities of a series having the same terms and conditions as the previously-issued Debt Securities of that series in all respects, except for issue date, issue price and, if applicable, the initial interest payment on those additional Debt Securities. Additional Debt Securities issued in this manner will be consolidated with, and will form a single series with, the previously-issued Debt Securities of that series. For more information, see the discussion below under "Issuance of Additional Debt Securities."

Until the Release Date (described below), the Debt Securities will be issued on the basis of, and primarily secured by, (a) the lien of one or more series of First Mortgage Bonds issued by us under the Mortgage (as these terms are defined below under DESCRIPTION OF THE FIRST MORTGAGE BONDS) and any other Class A Bonds issued by us and delivered by us to the Indenture Trustee and (b) the lien of the Indenture on our Electric and Gas Utility Property (as defined below under "Lien of the Indenture"). On the Release Date, the Debt Securities will cease to be secured and will become our unsecured general obligations, ranking on a parity with our other senior unsecured indebtedness. For more information, see the discussions below under "Security," "Issuance of Additional Debt Securities" and "Discharge of Lien; Release Date").

A prospectus supplement and an officer's certificate relating to any series of Debt Securities being offered will include specific terms relating to that offering. These terms will include some or all of the following terms that apply to that series:

- the title of the Debt Securities;
- any limit upon the total principal amount of the Debt Securities;
- the dates, or the method to determine these dates, on which the principal of the Debt Securities will be payable and how it will be paid;
- the interest rate or rates which the Debt Securities will bear, or how the rate or rates will be determined, the interest payment dates for the Debt Securities and the regular record dates for interest payments;
- any right to delay the interest payments for the Debt Securities;
- the percentage, if less than 100%, of the principal amount of the Debt Securities that will be payable if the maturity of the Debt Securities is accelerated;
- any date or dates on which the Debt Securities may be redeemed at our option and any restrictions on those redemptions;
- any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the Debt Securities;
- any additions to the events of default under the Indenture or additions to our covenants under the Indenture for the benefit of the holders of Debt Securities;
- if the Debt Securities will be issued in denominations other than multiples of $1,000;
- if payments on the Debt Securities may be made in a currency or currencies other than United States dollars; and, if so, the means through which the equivalent principal amount of any payment in United States dollars is to be determined for any purpose;
- any rights or duties of another entity to assume our obligations with respect to the Debt Securities;
- any collateral, security, assurance or guarantee for the Debt Securities; and
- any other terms of the Debt Securities not inconsistent with the terms of the Indenture.

(Indenture, Section 301.)

We may sell Debt Securities at a discount below their principal amount. United States federal income tax considerations applicable to Debt Securities sold at an original issue discount will be described in the prospectus supplement if we sell Debt Securities at an original issue discount. In addition, important United States federal income tax or other tax considerations applicable to any Debt Securities denominated or payable in a currency or currency unit other than United States dollars will be described in the prospectus supplement if we sell Debt Securities denominated or payable in a

27

currency or currency unit other than United States dollars.

Except as may otherwise be described in the applicable prospectus supplement, the covenants contained in the Indenture will not afford holders of Debt Securities protection in the event of a highly-leveraged transaction involving us.

REDEMPTION

We will set forth any terms for the redemption of Debt Securities of any series in the applicable prospectus supplement. Unless we indicate differently in a prospectus supplement, and except with respect to Debt Securities redeemable at the option of the holder of those Debt Securities, Debt Securities will be redeemable upon notice to holders by mail at least 30 days prior to the redemption date. (Indenture, Section 504.) If less than all of the Debt Securities of any series or any tranche thereof are to be redeemed, the Indenture Trustee will select the Debt Securities to be redeemed. In the absence of any provision for selection, the Indenture Trustee will choose a method of random selection as it deems fair and appropriate. (Indenture, Section 503.)

Debt securities will cease to bear interest on the redemption date. We will pay the redemption price and any accrued interest to the redemption date upon surrender of any Debt Security for redemption. (Indenture, Section 505.) If only part of a Debt Security is redeemed, the Indenture Trustee will deliver to the holder of the Debt Security a new Debt Security of the same series for the remaining portion without charge. (Indenture, Section 506.)

We may make any redemption at our option conditional upon the receipt by the paying agent, on or prior to the date fixed for redemption, of money sufficient to pay the redemption price. If the paying agent has not received the money by the date fixed for redemption, we will not be required to redeem the Debt Securities. (Indenture, Section 504.)

PAYMENT AND PAYING AGENTS

Except as may be provided in the applicable prospectus supplement, interest, if any, on each Debt Security payable on any interest payment date will be paid to the person in whose name that Debt Security is registered at the close of business on the regular record date for that interest payment date. However, interest payable at maturity will be paid to the person to whom the principal is paid. If there has been a default in the payment of interest on any Debt Security, the defaulted interest may be paid to the holder of that Debt Security as of the close of business on a date between 10 and 15 days before the date proposed by us for payment of the defaulted interest or in any other manner permitted by any securities exchange on which that Debt Security may be listed, if the Indenture Trustee finds it workable. (Indenture, Section 307.)

Unless otherwise specified in the applicable prospectus supplement, principal, premium, if any, and interest on the Debt Securities at maturity will be payable upon presentation of the Debt Securities at the corporate trust office of The Bank of New York, in the city of New York, as our paying agent. However, we may choose to make payment of interest by check mailed to the address of the persons entitled to payment. We may change the place of payment on the Debt Securities, appoint one or more additional paying agents (including MDU) and remove any paying agent, all at our discretion. (Indenture, Section 702.)

REGISTRATION AND TRANSFER

Unless otherwise specified in the applicable prospectus supplement, the

transfer of Debt Securities may be registered, and Debt Securities may be exchanged for other Debt Securities of the same series or tranche, of authorized denominations and with the same terms and principal amount, at the offices of the Indenture Trustee in New York, New York. (Indenture, Section 305.) We may designate one or more additional places, or change the place or places previously designated, for registration of transfer and exchange of the Debt Securities. (Indenture, Section 702.) Unless otherwise specified in the applicable prospectus supplement, no service charge will be made for any registration of transfer or exchange of the Debt Securities. However, we may require payment to cover any tax or other governmental charge that may be imposed in connection with a registration of transfer or exchange. We will not

be required to execute or to provide for the registration, transfer or exchange of any Debt Security

- during the 15 days before an interest payment date;
- during the 15 days before giving any notice of redemption; or
- selected for redemption except the unredeemed portion of any Debt Security being redeemed in part.

(Indenture, Section 305.)

SECURITY

Except as described below under this heading and under "Issuance of Additional Debt Securities," and subject to the exceptions discussed under "Discharge of Lien; Release Date," all Debt Securities will be secured, equally and ratably, by:

(1) the first lien of an equal principal amount of First Mortgage Bonds delivered by us to the Indenture Trustee, and other Class A Bonds as described below; as discussed under DESCRIPTION OF THE FIRST MORTGAGE BONDS - "Security and Priority," the Mortgage constitutes a first mortgage lien on the Mortgaged Property; and

(2) the lien of the Indenture, which is junior to the lien of the Mortgage, upon our Electric and Gas Utility Property (as defined below under Lien of the Indenture). If we acquire any property that is subject to a Class A Mortgage (as described below), the lien of the Indenture would be junior to the lien of that Class A Mortgage with respect to any of our Electric and Gas Utility Property subject to the lien of that Class A Mortgage.

See "Discharge of Lien; Release Date" for a discussion of provisions of the Indenture pursuant to which, subject to the satisfaction of the specified conditions, the lien of the Indenture would be discharged and the Debt Securities would become our unsecured obligations.

CLASS A BONDS

As discussed below under "Consolidation, Merger and Conveyance of Assets," we will be permitted to merge or consolidate with another company upon meeting specified requirements. Following a merger or consolidation of another company into us, we could deliver to the Indenture Trustee first mortgage bonds issued under an existing mortgage on the properties of the other company as the basis for the issuance of additional Debt Securities. In this event, the Debt Securities would be secured, additionally, by the first lien of the first mortgage bonds and by the lien of the Indenture on the mortgaged property acquired from the other company, which would be junior to the lien of the

existing mortgage. The Mortgage and all the other mortgages are collectively referred to in this document as the "Class A Mortgages," and all first mortgage bonds issued under the Class A Mortgages are collectively referred to in this document as the "Class A Bonds." (Indenture, Section 1706.)

Class A Bonds, including First Mortgage Bonds, that are the basis for the authentication and delivery of Debt Securities (a) will be delivered to, and registered in the name of, the Indenture Trustee or its nominee and will be owned and held by the Indenture Trustee, subject to the provisions of the Indenture, for the benefit of the holders of all Debt Securities outstanding from time to time; (b) will mature or be subject to mandatory redemption on the same dates, and in the same principal amounts, as the Debt Securities; and (c)(i) may, but need not, bear interest and (ii) may, but need not, contain provisions for their redemption at our option, any redemption to be made at a

redemption price or prices not less than the principal amount of the Class A Bonds. (Indenture, Sections 1602 and 1701.) To the extent that Class A Bonds do not bear interest, holders of Debt Securities will not have the benefit of the lien of a Class A Mortgage in respect of an amount equal to accrued interest, if any, on the Debt Securities; however, the holders will nevertheless have the benefit of the lien of the Indenture in respect of the amount of accrued interest.

Any payment by us of principal of or premium or interest on the Class A Bonds delivered to and held by the Indenture Trustee will be applied by the Indenture Trustee to the payment of any principal, premium or interest, as the case may be, in respect of the Debt Securities which is then due. Our obligation under the Indenture to make payment in respect of the Debt Securities will be deemed satisfied and discharged to the extent of the payment. If, at the time of any payment of principal of Class A Bonds, there is no principal then due in respect of the Debt Securities, the proceeds of the payment will constitute "Funded Cash" and will be held by the Indenture Trustee as part of the collateral for the Debt Securities, to be withdrawn, used or applied as provided in the Indenture. If, at the time of any payment of premium or interest on Class A Bonds, there is no premium or interest then due on the Debt Securities, the payment will be remitted to us at our request; except that, if any event of default under the Indenture, as described below, has occurred and is continuing, the payment will be held as part of the collateral for the Debt Securities until the event of default under the Indenture has been cured or waived. (Indenture, Section 1702.) See "Withdrawal of Cash" below.

Any payment by us on Debt Securities authenticated and delivered on the basis of the delivery to the Indenture Trustee of Class A Bonds (other than by application of the proceeds of a payment in respect of the Class A Bonds) will, to that extent, be deemed to satisfy and discharge our obligations, if any, to make a corresponding payment, in respect of the Class A Bonds which is then due. (Indenture, Section 1702.)

The Indenture Trustee may not sell, assign or otherwise transfer any Class A Bonds except to a successor trustee under the Indenture. (Indenture, Section 1704.) At the time any Debt Securities that have been authenticated and delivered upon the basis of Class A Bonds cease to be outstanding (other than as a result of the application of the proceeds of the payment or redemption of the Class A Bonds), the Indenture Trustee will surrender to us, or upon our order, an equal principal amount of the Class A Bonds. (Indenture, Section 1703.)

When the aggregate principal amount of all Class A Bonds outstanding under all Class A Mortgages, other than those held by the Indenture Trustee, does not exceed the greater of 5% of the net book value of our Electric and Gas Utility Property (as described below) or 5% of our Capitalization (as described below), then, at our request and subject to satisfaction of specified conditions, the

Class A Bonds held by the Indenture Trustee will be deemed satisfied and discharged, the Indenture Trustee will surrender the Class A Bonds for cancellation, and the Debt Securities will become our senior unsecured debt, subject to Permitted Secured Debt and the exceptions described below. (Indenture, Section 1811.) See "Discharge of Lien; Release Date" below.

At the date of this prospectus, the only Class A Mortgage is the Mortgage, and the only Class A Bonds issuable at this time are First Mortgage Bonds issuable under the Mortgage. When all of the outstanding First Mortgage Bonds which are not held by the Indenture Trustee do not exceed the greater of 5% of the net book value of our Electric and Gas Utility Property or 5% of our Capitalization, and assuming no other Class A Mortgage exists at the time, the Indenture may become unsecured.

"Capitalization" means the total of all the following items appearing on, or included in, our unconsolidated balance sheet: (i) liabilities for indebtedness maturing more than 12 months from the date of determination, and (ii) common stock, common stock expense, accumulated other comprehensive income or loss, preferred stock, preference stock, premium on common stock and retained

earnings (however the foregoing may be designated), less, to the extent not otherwise deducted, the cost of shares of our capital stock held in our treasury, if any. Capitalization is determined in accordance with generally accepted accounting principles and practices applicable to the type of business in which we are engaged, and may be determined as of the date not more than 60 days prior to the happening of the event for which the determination is being made.

LIEN OF THE INDENTURE

The Indenture creates a lien on substantially all of our real and fixed electricity generation, transmission and distribution, and natural gas distribution, properties owned by us immediately prior to July 1, 2000, together with improvements, extensions and additions to, and renewals, replacements and substitutions of or for, any part or parts of these properties, other than Excepted Property (as defined below). At the date of this prospectus, these properties are located in the states of North Dakota, South Dakota, Montana and Wyoming. These properties, regardless of whether the Release Date has occurred, are sometimes referred to as our "Electric and Gas Utility Property." At the date of this prospectus, substantially all of this property is included within the category of property, plant and equipment on our balance sheet, this property had a net book value as of June 30, 2003 of approximately $364.6 million, and this property, while subject to the lien of the Indenture, is also subject to the prior lien of the Mortgage. For so long as the Release Date has not occurred, the Debt Securities will have the benefit of the first mortgage lien of the Mortgage on the Mortgaged Property to the extent of the aggregate principal amount of First Mortgage Bonds held by the Indenture Trustee, and also the benefit of the lien of any additional Class A Mortgage on any property subject to that Class A Mortgage to the extent of the aggregate principal amount of Class A Bonds, issued under that Class A Mortgage, held by the Indenture Trustee.

PERMITTED LIENS

The lien of the Indenture is subject to Permitted Liens described in the Indenture. These Permitted Liens include, among others, liens existing at the execution date of the Indenture such as the lien of the Mortgage, liens on property at the time we acquire the property such as the lien of any other Class A Mortgage, tax liens and other governmental charges which are not delinquent or which are being contested in good faith, mechanics', construction and materialmen's liens, specified judgment liens, easements, reservations and

rights of others (including governmental entities) in, and defects of title in, our property, specified leases and leasehold interests, liens to secure public obligations, rights of others to take minerals, timber, electric energy or capacity, gas, water, steam or other products produced by us or by others on our property, rights and interests of Persons other than us arising out of agreements relating to the common ownership or joint use of property, and liens on the interests of those Persons in the property, liens which have been bonded or for which other security arrangements have been made, liens created in connection with the issuance of tax-exempt bonds, purchase money liens and liens related to the construction or acquisition of property, or the development or expansion of property, liens which secure specified Debt Securities equally and ratably with other obligations, liens securing debt which matures within one year from date of issuance, and additional liens on any of our property (other than Excepted Property, as described below) to secure debt for borrowed money in an aggregate principal amount not exceeding the greater of 10% of our Net Tangible Assets (as described below) or 10% of our Capitalization. (Indenture, Granting Clauses and Sections 101 and 707.)

The Indenture provides that the Indenture Trustee will have a lien, prior to the lien on behalf of the holders of Debt Securities, upon the collateral for the Debt Securities for the payment of its reasonable compensation and expenses and for indemnity against specified liabilities. (Indenture, Section 1007.) This lien would be a Permitted Lien under the Indenture.

EXCEPTED PROPERTY

The lien of the Indenture does not cover, among other things, the following types of property:

- all properties acquired by us on or after July 1, 2000, including the properties acquired in the merger with Great Plains Energy Corp. and Great Plains Natural Gas Co. (which include all our gas distribution properties located in the state of Minnesota and certain gas distribution properties located in the southeastern part of North Dakota), but excluding improvements, extensions and additions to, and renewals, replacements and substitutions of or for, any part or parts of the fixed electricity generation, transmission and distribution, and natural gas distribution, properties owned by us immediately prior to July 1, 2000 unless otherwise excepted from the lien of the Indenture;

- all property of subsidiaries, including Centennial Energy Holdings, Inc., WBI Holdings, Inc., Knife River Corporation, Utility Services, Inc., Centennial Energy Resources LLC, Centennial Holdings Capital LLC, Centennial Energy Resources International Inc, Fidelity Exploration & Production Company and any other subsidiaries;

- all cash and securities (including the capital stock of the subsidiaries mentioned in the preceding bullet and any other subsidiaries) not paid, deposited or held under the Indenture, and all policies of insurance on the lives of our officers;

- all contracts, leases and other agreements of all kinds, contract rights, bills, notes and other instruments, accounts receivable, transition property, claims, demands and judgments;

- all governmental and other licenses, permits, franchises, consents and allowances; intellectual property rights and other general intangibles;

- all vehicles, movable equipment, aircraft and vessels;

- all merchandise and appliances acquired for the purpose of resale in the ordinary course and conduct of our business, and all materials and supplies held for consumption in operation or held in advance of use thereof for fixed capital purposes;

- all electric energy, gas, steam and other materials and products generated, manufactured, produced or purchased by us for sale, distribution or use in the ordinary course and conduct of our business;

- all property which is the subject of a lease agreement designating us as lessee, and all our right, title and interest in and to the property and in, to and under the lease agreement, whether or not the lease agreement is intended as security;

- all property which prior to the execution date of the Indenture has been released from the lien of the Mortgage;

- all property which subsequent to the execution date of the Indenture has been released from the lien of the Indenture; and

- any and all property not acquired or constructed by us for use in our electricity generation, transmission and distribution, and natural gas distribution business.

We sometimes refer to property of ours not covered by the lien of the Indenture as "Excepted Property." (Indenture, Granting Clauses.)

We may enter into supplemental indentures with the Indenture Trustee, without the consent of the holders, in order to subject additional property (including property that would otherwise be excepted from the lien) to the lien

of the Indenture. (Indenture, Section 1301.) This property would then constitute Property Additions and part of the collateral for the Debt Securities, and would be available as a basis for the issuance of Debt Securities. See "Issuance of Additional Debt Securities."

The Indenture provides that after-acquired properties (other than Excepted Property) that are improvements, extensions or additions to, or renewals, replacements or substitutions of or for, any part or parts of our Electric and Gas Utility Property will be subject to the lien of the Indenture. (Indenture, Second Granting Clause.) We may also elect to subject additional property to the lien of the Indenture by amending the Indenture.

See "Discharge of Lien; Release Date" for a discussion of provisions of the Indenture pursuant to which, subject to the satisfaction of specified conditions, all the collateral for the Debt Securities would be released from the lien of the Indenture, the Class A Bonds held by the Indenture Trustee would be surrendered for cancellation, and Debt Securities would become our unsecured obligations.

ISSUANCE OF ADDITIONAL DEBT SECURITIES

Subject to the issuance restrictions described below, the maximum principal amount of Debt Securities that may be authenticated and delivered under the Indenture is unlimited. (Indenture, Section 301.) Prior to the Release Date, Debt Securities of any series may be issued from time to time on the basis of, and in an aggregate principal amount not exceeding:

- the aggregate principal amount of Class A Bonds delivered to the Indenture Trustee;

- 70% of the Cost or Fair Value to us (whichever is less) of Property Additions (as described below) which do not constitute Funded Property (generally, Property Additions to the extent that they are subject to the lien of a Class A Mortgage or which have been made the basis of the authentication and delivery of Debt Securities, the release of collateral for the Debt Securities or the withdrawal of cash, which have been substituted for retired Funded Property or which have been used for other specified purposes (Indenture, Section 102)) after specified deductions and additions, primarily including adjustments to offset property retirements;

- the aggregate principal amount of retired Debt Securities, but if Class A Bonds had been made the basis for the authentication and delivery of the retired Debt Securities, only after the discharge of the related Class A Mortgage; or

- an amount of cash deposited with the Indenture Trustee.

(Indenture, Sections 1601 through 1605.)

Property Additions generally include any property that is owned by us and is subject to the lien of the Indenture. (Indenture, Section 103.)

We expect that, until the Release Date, we will issue Debt Securities primarily on the basis of First Mortgage Bonds. However, we have the right to issue additional Debt Securities on the basis of Property Additions, retired Debt Securities and cash deposits, and Class A Bonds not issued under the Mortgage.

RELEASE OF PROPERTY

Unless an event of default under the Indenture has occurred and is continuing, we may obtain the release from the lien of the Indenture of any collateral for the Debt Securities, except for cash held by the Indenture Trustee, upon delivery to the Indenture Trustee of an amount in cash equal to

the amount, if any, by which the Cost of the property to be released (or, if less, the Fair Value to us of the property at the time it became Funded Property) exceeds the aggregate of:

- an amount equal to the aggregate principal amount of obligations secured by Purchase Money Liens upon the property to be released and delivered to the Indenture Trustee;

- an amount equal to the Cost or Fair Value to us (whichever is less) of certified Property Additions not constituting Funded Property after specified deductions and additions, primarily including adjustments to offset property retirements (except that these adjustments need not be made if the Property Additions were acquired or made within the 90-day period preceding the release);

- the aggregate principal amount of Debt Securities that we would be entitled to issue on the basis of retired Debt Securities (with the entitlement being waived by operation of the release);

- any amount of cash and/or an amount equal to the aggregate principal amount of obligations secured by Purchase Money Liens upon the property released delivered to the trustee or other holder of a lien prior to the lien of the Indenture, subject to specified limitations described below;

- the aggregate principal amount of Debt Securities delivered to the Indenture Trustee (with the Debt Securities to be canceled by the Indenture

Trustee); and

- any taxes and expenses incidental to any sale, exchange, dedication or other disposition of the property to be released.

(Indenture, Section 1803.)

Property that is not Funded Property may generally be released from the lien of the Indenture without depositing any cash or property with the Indenture Trustee as long as (a) the aggregate amount of Cost or Fair Value to us (whichever is less) of all Property Additions which do not constitute Funded Property (excluding the property to be released) after some deductions and additions, primarily including adjustments to offset property retirements, is not less than zero or (b) the Cost or Fair Value (whichever is less) of property to be released does not exceed the aggregate amount of the Cost or Fair Value to us (whichever is less) of Property Additions acquired or made within the 90-day period preceding the release. (Indenture, Section 1804.)

The Indenture provides simplified procedures for the release of property which has been released from the lien of a Class A Mortgage, minor properties and property taken by eminent domain, and provides for dispositions of certain obsolete property and grants or surrender of certain rights without any release or consent by the Indenture Trustee. (Indenture Sections 1802, 1805, 1807 and 1808.)

If we retain any interest in any property released from the lien of the Indenture, the Indenture will not become a lien on the property or the interest in the property or any improvements, extensions or additions to, or any renewals, replacements or substitutions of or for, any part or parts of the property. (Indenture, Section 1810.)

WITHDRAWAL OF CASH

Unless an event of default under the Indenture has occurred and is continuing, and subject to specified limitations, cash held by the Indenture Trustee may, generally, (1) be withdrawn by us (a) to the extent of the Cost or Fair Value to us (whichever is less) of Property Additions not constituting Funded Property, after specified deductions and additions, primarily including adjustments to offset retirements (except that these adjustments need not be made if the Property Additions were acquired or made within the 90-day period preceding the withdrawal) or (b) in an amount equal to the aggregate principal

amount of Debt Securities that we would be entitled to issue on the basis of retired Debt Securities (with the entitlement to the issuance being waived by operation of the withdrawal) or (c) in an amount equal to the aggregate principal amount of any outstanding Debt Securities delivered to the Indenture Trustee, or (2) upon our request, be applied to (a) the purchase of Debt Securities or (b) the payment (or provision for payment) at stated maturity of any Debt Securities or the redemption (or provision for payment) of any Debt Securities which are redeemable (Indenture, Section 1806); except that cash deposited with the Indenture Trustee as the basis for the authentication and delivery of Debt Securities, as well as cash representing a payment of principal of Class A Bonds, may, in addition, be withdrawn in an amount equal to the aggregate principal amount of Class A Bonds delivered to the Indenture Trustee. (Indenture, Sections 1605 and 1702.)

DISCHARGE OF LIEN; RELEASE DATE

At any time when the aggregate principal amount of all Class A Bonds outstanding under all Class A Mortgages, other than those held by the Indenture Trustee, does not exceed the greater of 5% of the net book value of our Electric

and Gas Utility Property or 5% of our Capitalization, the Indenture may be amended and supplemented, without the consent of the holders of Debt Securities, to eliminate all terms and conditions relating to collateral for the Debt Securities, with the result that our obligations under the Indenture and the Debt Securities would be entirely unsecured. We refer to the date on which the elimination of collateral occurs as the "Release Date."

The occurrence of the Release Date is subject to our delivery of the following documents to the Indenture Trustee:

- a company order requesting execution and delivery by the Indenture Trustee of a supplemental indenture and other instruments necessary to discharge, cancel, terminate or satisfy the lien of the Indenture;

- an officer's certificate stating that

  (1) to the knowledge of the officer, no event of default under the Indenture has occurred and is continuing; and

  (2) the aggregate principal amount of all Class A Bonds outstanding under all Class A Mortgages, other than those held by the Indenture Trustee, does not exceed the greater of 5% of the net book value of our Electric and Gas Utility Property or 5% of our Capitalization; and

- an opinion of counsel to the effect that none of our Electric and Gas Utility Property, other than Excepted Property, is subject to any lien other than the lien of the Indenture and Permitted Liens.

Upon the execution and delivery of the amendment of the Indenture as contemplated above, the lien of the Indenture will be deemed to have been satisfied and discharged and the Indenture Trustee will release the collateral for the Debt Securities from the lien of the Indenture and surrender all Class A Bonds held by the Indenture Trustee under the Indenture to the respective Class A Trustee for cancellation. (Indenture, Section 1811.)

As of June 30, 2003, we had $35 million aggregate principal amount outstanding of a series of First Mortgage Bonds that is not redeemable prior to maturity and matures on April 1, 2012. Unless we purchase or defease some of this series of First Mortgage Bonds or increase the net book value of our Electric and Gas Utility Property or our Capitalization to at least $700 million, a Release Date is unlikely to occur prior to April 1, 2012.

LIMITATION ON SECURED DEBT

So long as any of the Debt Securities remain outstanding, we will not issue any Secured Debt other than Permitted Secured Debt (in each case as defined below) without the consent of the holders of a majority in principal amount of the outstanding Debt Securities of all series with respect to which this covenant is made, considered as one class; provided, however, that this covenant will not prohibit the creation or existence of any Secured Debt if either:

- we make effective provision whereby all Debt Securities then outstanding will be secured equally and ratably with the Secured Debt; or

- we deliver to the Indenture Trustee bonds, notes or other evidences of indebtedness secured by the lien which secures the Secured Debt in an aggregate principal amount equal to the aggregate principal amount of the Debt Securities then outstanding and meeting other requirements set forth in the Indenture.

"Secured Debt" means Debt created, issued, incurred or assumed by us which is secured by a lien upon any of our property (other than Excepted Property). For purposes of this covenant, any Capitalized Lease Liabilities will be deemed to be Debt secured by a lien on our property.

"Debt" means:

- our indebtedness for borrowed money evidenced by a bond, debenture, note or other written instrument or agreement by which we are obligated to repay the borrowed money;
- any guaranty by us of any indebtedness of another person; and
- any Capitalized Lease Liabilities.

"Debt" does not include, among other things:

- indebtedness under any installment sale or conditional sale agreement or any other agreement relating to indebtedness for the deferred purchase price of property or services;
- any trade obligations (including any obligations under power or other commodity purchase agreements and any associated hedges or derivatives) or other obligations in the ordinary course of business;
- obligations under any lease agreement that are not Capitalized Lease Liabilities; or
- any liens securing indebtedness, neither assumed nor guaranteed by us nor on which we customarily pay interest, existing upon real estate or rights in or relating to real estate acquired by us for substation, transmission line, transportation line, distribution line or right of way purposes.

"Permitted Secured Debt" means, as of any particular time:

- Class A Bonds and Debt Securities issued prior to the Release Date;
- Secured Debt which matures less than one year from the date of the issuance or incurrence and is not extendible at the option of the issuer; and any refundings, refinancings and/or replacements of any the Secured Debt by or with Secured Debt that matures less than one year from the date of the refunding, refinancing and/or replacement and is not extendible at the option of the issuer;
- Secured Debt secured by Purchase Money Liens or any other liens existing or placed upon property at the time of, or within one hundred eighty (180) days after, the acquisition thereof by us, and any refundings, refinancings and/or replacements of any the Secured Debt; provided, however, that no Purchase Money Lien or other Lien of this type will extend to or cover any

of our property other than (1) the property so acquired and improvements, extensions and additions to the property and renewals, replacements and substitutions of or for the property or any part or parts of the property and (2) with respect to Purchase Money Liens, other property subsequently acquired by us;

- Secured Debt relating to governmental obligations the interest on which is not included in gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (or any successor provision of law), for the purpose of financing or refinancing, in whole or in part, costs of acquisition or construction of

property to be used by us, to the extent that the lien which secures the Secured Debt is required either by applicable law or by the issuer of the governmental obligations or is otherwise necessary in order to establish or maintain the exclusion from gross income; and any refundings, refinancings and/or replacements of any Secured Debt by or with similar Secured Debt;

- Secured Debt (i) which is related to the construction or acquisition of property not previously owned by us or (ii) which is related to the financing of a project involving the development or expansion of our property and (iii) in either case, the obligee in respect of which has no recourse to us or any of our property other than the property constructed or acquired with the proceeds of the transaction or the project financed with the proceeds of the transaction (or the proceeds of the property or the project); and any refundings, refinancings and/or replacements of any Secured Debt by or with Secured Debt described in clause (iii) above; and

- in addition to the Permitted Secured Debt described above, Secured Debt not otherwise so permitted in an aggregate principal amount not exceeding the greater of 10% of our Net Tangible Assets or 10% of our Capitalization.

"Net Tangible Assets" means the amount shown as total assets on our unconsolidated balance sheet, less (i) intangible assets including, but without limitation, such items as goodwill, trademarks, trade names, patents, unamortized debt discount and expense and other regulatory assets carried as assets on our unconsolidated balance sheet and (ii) appropriate adjustments, if any, on account of minority interests. Net Tangible Assets will be determined in accordance with generally accepted accounting principles and practices applicable to the type of business in which we are engaged.

"Capitalized Lease Liabilities" means the amount, if any, shown as liabilities on our unconsolidated balance sheet for capitalized leases of electric transmission and distribution property not owned by us, which amount will be determined in accordance with generally accepted accounting principles and practices applicable to the type of business in which we are engaged.

(Indenture, Section 707.)

DEFEASANCE

We will be discharged from our obligations on the Debt Securities of a particular series if we irrevocably deposit with the Indenture Trustee or any paying agent, other than us, sufficient cash or government securities to pay the principal, interest, any premium and any other sums when due on the stated maturity date or a redemption date of that series of Debt Securities. (Indenture, Section 801.)

CONSOLIDATION, MERGER AND CONVEYANCE OF ASSETS

Under the terms of the Indenture, we may not consolidate with or merge into any other entity or convey, transfer or lease as, or substantially as, an entirety to any entity our Electric and Gas Utility Property, unless:

- the surviving or successor entity, or an entity which acquires by conveyance or transfer or which leases our Electric and Gas Utility Property as, or substantially as, an entirety, is organized and validly

existing under the laws of any domestic jurisdiction and it expressly assumes our obligations on all Debt Securities then outstanding under the Indenture and if the consolidation, merger, conveyance, sale or other

transfer occurs prior to the Release Date, confirms the lien of the Indenture on the collateral for the Debt Securities;

- in the case of a lease, the lease is made expressly subject to termination by us or by the Indenture Trustee and by the purchaser of the property so leased at any sale thereof at any time during the continuance of an event of default under the Indenture;

- we shall have delivered to the Indenture Trustee an officer's certificate and an opinion of counsel as provided in the Indenture; and

- immediately after giving effect to the transaction, no event of default under the Indenture, or event which, after notice or lapse of time or both, would become an event of default under the Indenture, shall have occurred and be continuing.

(Indenture, Section 1201.) In the case of the conveyance or other transfer of the Electric and Gas Utility Property as, or substantially as, an entirety to any other person, upon the satisfaction of all the conditions described above, we would be released and discharged from all our obligations under the Indenture and on the Debt Securities then outstanding unless we elect to waive release and discharge. (Indenture, Section 1204.)

The Indenture does not prevent or restrict:

- any conveyance or other transfer, or lease, of any part of our Electric and Gas Utility Property that does not constitute the entirety, or substantially the entirety, of our Electric and Gas Utility Property; or (Indenture, Section 1205.)

- any conveyance, transfer or lease of any of our properties where we retain Electric and Gas Utility Property with a fair value in excess of 143% of the aggregate principal amount of all outstanding Debt Securities, and any other outstanding debt securities that rank equally with, or senior to, the Debt Securities with respect to the Electric and Gas Utility Property, other than any Class A Bonds held by the Indenture Trustee. This fair value will be determined within 90 days of the conveyance, transfer or lease by an independent expert that we select and that is approved by the Indenture Trustee. (Indenture, Section 1206.)

The terms of the Indenture do not restrict us in a merger in which we are the surviving entity. (Indenture, Section 1205.)

EVENTS OF DEFAULT

"Event of default," when used in the Indenture with respect to Debt Securities, means any of the following:

- failure to pay interest on any Debt Security for 30 days after it is due;

- failure to pay the principal of or any premium on any Debt Security when due;

- failure to perform any other covenant in the Indenture that continues for 90 days after we receive written notice from the Indenture Trustee, or we and the Indenture Trustee receive a written notice from the holders of at least 33% in aggregate principal amount of the outstanding Debt Securities, unless the Trustee, or the Trustee and the holders of a principal amount of Debt Securities not less than the principal amount of Debt Securities the holders of which gave such notice, as the case may be, agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the holders of such principal amount of Debt Securities, as the case may be, shall be deemed to have agreed to

an extension of such period if corrective action is initiated by us within such period and is being diligently pursued;

- events of bankruptcy, insolvency or our reorganization as specified in the Indenture;

- as long as the Indenture Trustee holds any outstanding Class A Bonds which were delivered as the basis for the authentication and delivery of outstanding Debt Securities, the occurrence of a matured event of default under the related Class A Mortgage (other than a matured event of default which (i) is not a failure to make payments on Class A Bonds and is not of similar kind or character to the event of default relating to events of bankruptcy, insolvency or reorganization, referred to above, and (ii) has not resulted in the acceleration of the outstanding Class A Bonds under the Class A Mortgage); provided, however, that the waiver or cure of the event of default under a Class A Mortgage will constitute a waiver and cure of the corresponding event of default under the Indenture, and the rescission and annulment of the consequences thereof will constitute a rescission and annulment of the corresponding consequences under the Indenture; or

- any other event of default included in any supplemental indenture, board resolution or officer's certificate establishing that series of Debt Securities.

(Indenture, Sections 301, 901 and 1301.)

REMEDIES

If an event of default under the Indenture occurs and is continuing, then the Indenture Trustee or the holders of at least 33% in aggregate principal amount of the outstanding Debt Securities may declare the principal amount of all of the Debt Securities to be due and payable immediately.

At any time after a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee, the event of default under the Indenture giving rise to the declaration of acceleration will be considered cured, and the declaration and its consequences will be considered rescinded and annulled, if:

- we have paid or deposited with the Indenture Trustee a sum sufficient to pay:

  (1) all overdue interest on all outstanding Debt Securities;

  (2) the principal of and premium, if any, on the outstanding Debt Securities that have become due otherwise than by the declaration of acceleration and overdue interest thereon;

  (3) interest on overdue interest to the extent lawful; and

  (4) all amounts due to the Indenture Trustee under the Indenture; and

- any other event of default under the Indenture with respect to the Debt Securities of that series has been cured or waived as provided in the Indenture.

(Indenture, Section 902.)

There is no automatic acceleration, even in the event of our bankruptcy, insolvency or reorganization.

Subject to the Indenture, under specified circumstances and to the extent

permitted by law, if an event of default under the Indenture occurs and is continuing prior to the Release Date, the Indenture Trustee has the power to appoint a receiver of the collateral for the Debt Securities, and is entitled to all other remedies available to mortgagees and secured parties under the Uniform Commercial Code or any other applicable law. (Indenture, Section 917.)

Upon the occurrence and continuance of an event of default under the Indenture after the Release Date, the remedies of the Indenture Trustee and the holders under the Indenture would be limited to the rights of unsecured creditors.

In addition to every other right and remedy provided in the Indenture, the Indenture Trustee may exercise any right or remedy available to the Indenture Trustee in its capacity as owner and holder of Class A Bonds which arises as a result of a default or matured event of default under any Class A Mortgage, whether or not an event of default under the Indenture has occurred and is continuing. (Indenture, Section 916.)

Other than its duties in case of an event of default under the Indenture, the Indenture Trustee is not obligated to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the holders, unless the holders offer the Indenture Trustee a reasonable indemnity. (Indenture, Section 1003.) If they provide this reasonable indemnity, the holders of a majority in principal amount of the outstanding Debt Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any power conferred upon the Indenture Trustee. The Indenture Trustee is not obligated to comply with directions that conflict with law or other provisions of the Indenture. (Indenture, Section 912.)

No holder of Debt Securities will have any right to institute any proceeding under the Indenture, or any remedy under the Indenture, unless:

- the holder has previously given to the Indenture Trustee written notice of a continuing event of default under the Indenture;
- the holders of a majority in aggregate principal amount of the outstanding Debt Securities of all series have made a written request to the Indenture Trustee, and have offered reasonable indemnity to the Indenture Trustee to institute proceedings; and
- the Indenture Trustee has failed to institute any proceeding for 60 days after notice and has not received during that period any direction from the holders of a majority in aggregate principal amount of the outstanding Debt Securities, inconsistent with the written request of holders referred to above.

(Indenture, Section 907.) However, these limitations do not apply to a suit by a holder of an Debt Security for payment of the principal, premium, if any, or interest on the Debt Security on or after the applicable due date. (Indenture, Section 908.)

We will provide to the Indenture Trustee an annual statement by an appropriate officer as to our compliance with all conditions and covenants under the Indenture. (Indenture, Section 705.)

MODIFICATION AND WAIVER

Without the consent of any holder of Debt Securities, we and the Indenture Trustee may enter into one or more supplemental indentures for any of the following purposes:

- to evidence the assumption by any permitted successor of our covenants in the Indenture and in the Debt Securities;

- to permit an entity acquiring a substantial portion of our Electric and Gas Utility Property to assume a pro rata share of the outstanding Debt Securities based upon the net book value of the Electric and Gas Utility Property acquired by that entity and to release us and our properties from any obligations or liens under the Indenture with respect to those assumed Debt Securities, provided that the assumed Debt Securities will be secured by a lien on the acquired Electric and Gas Utility Property to substantially the same extent and upon substantially the same terms as

provided in the Indenture except for the substitution of the acquiring entity for us;

- to add one or more covenants or other provisions for the benefit of the holders of all or any series or tranche of Debt Securities, or to surrender any right or power conferred upon us;

- to add additional events of default under the Indenture for all or any series of Debt Securities;

- to change or eliminate or add any provision to the Indenture; provided, however, if the change will adversely affect the interests of the holders of Debt Securities of any series in any material respect, the change, elimination or addition will become effective only:

  (1) when the consent of the holders of Debt Securities of such series has been obtained in accordance with the Indenture; or

  (2) when no Debt Securities of the affected series remain outstanding under the Indenture;

- to provide additional security for any Debt Securities;

- to establish the form or terms of Debt Securities of any other series as permitted by the Indenture;

- to provide for the authentication and delivery of bearer securities with or without coupons;

- to evidence and provide for the acceptance of appointment by a separate or successor Trustee or co-trustee;

- to provide for the procedures required for use of a noncertificated system of registration for the Debt Securities of all or any series;

- to change any place where principal, premium, if any, and interest shall be payable, Debt Securities may be surrendered for registration of transfer or exchange and notices to us may be served;

- to amend and restate the Indenture as originally executed and as amended from time to time, with additions, deletions and other changes that do not adversely affect the interests of the holders of Debt Securities of any series in any material respect;

- to cure any ambiguity or inconsistency; or

- after the Release Date, to amend the Indenture to eliminate any provisions related to the lien of the Indenture, collateral for the Debt Securities

42

and Class A Bonds which are no longer applicable.

(Indenture, Section 1301.)

The holders of at least a majority in aggregate principal amount of the Debt Securities of all series then outstanding may waive compliance by us with some restrictive provisions of the Indenture. (Indenture, Section 706.) The holders of not less than a majority in principal amount of the outstanding Debt Securities may waive any past default under the Indenture, except a default in the payment of principal, premium, if any, or interest and certain covenants and provisions of the Indenture that cannot be modified or be amended without the consent of the holder of each outstanding Debt Security of any series affected. (Indenture, Section 913.)

Except as provided below, the consent of the holders of a majority in aggregate principal amount of the Debt Securities of all series then outstanding, considered as one class, is required for all other modifications to the Indenture. However, if less than all of the series of Debt Securities outstanding are directly affected by a proposed supplemental indenture, then the consent only of the holders of a majority in aggregate principal amount of the outstanding Debt Securities of all series that are directly affected, considered

as one class, will be required. Notwithstanding the foregoing, no amendment or modification may without the consent of the holders of each Debt Security of all directly affected series then outstanding:

- change the stated maturity of the principal of, or any installment of principal of or interest on, any Debt Security, or reduce the principal amount of any Debt Security or its rate of interest or change the method of calculating that interest rate or reduce any premium payable upon redemption, or change the currency in which payments are made, or impair the right to institute suit for the enforcement of any payment on or after the stated maturity of any Debt Security;

- create any lien ranking prior to the lien of the Indenture with respect to more than 10% of the collateral for the Debt Securities or, except as provided in the Indenture in connection with releases, the withdrawal of cash held by the Indenture Trustee and the Release Date, terminate the lien of the Indenture on more than 10% of the collateral for the Debt Securities or deprive any holder of the benefits of the security of the lien of the Indenture;

- reduce the percentage in principal amount of the outstanding Debt Securities of any series the consent of the holders of which is required for any supplemental indenture or any waiver of compliance with a provision of the Indenture or any default thereunder and its consequences, or reduce the requirements for quorum or voting; or

- modify some of the provisions of the Indenture relating to supplemental indentures, waivers of some covenants and waivers of past defaults with respect to the Debt Securities of any series.

A supplemental indenture that changes the Indenture solely for the benefit of one or more particular series of Debt Securities, or modifies the rights of the holders of Debt Securities of one or more series, will not affect the rights under the Indenture of the holders of the Debt Securities of any other series. (Indenture, Section 1302.)

The Indenture provides that Debt Securities owned by us or anyone else required to make payment on the Debt Securities shall be disregarded and considered not to be outstanding in determining whether the required holders

have given a request or consent. (Indenture, Section 101.)

We may fix in advance a record date to determine the required number of holders entitled to give any request, demand, authorization, direction, notice, consent, waiver or similar act of the holders, but we have no obligation to do so. If we fix a record date, that request, demand, authorization, direction, notice, consent, waiver or other act of the holders may be given before or after that record date, but only the holders of record at the close of business on that record date will be considered holders for the purposes of determining whether holders of the required percentage of the outstanding Debt Securities have authorized or agreed or consented to the request, demand, authorization, direction, notice, consent, waiver or other act of the holders. For that purpose, the outstanding Debt Securities will be computed as of the record date.

Any request, demand, authorization, direction, notice, consent, election, waiver or other act of a holder of any Debt Security will bind every future holder of that Debt Security and the holder of every Debt Security issued upon the registration of transfer of or in exchange for that Debt Security. A transferee will also be bound by acts of the Indenture Trustee or us in reliance thereon, whether or not notation of that action is made upon the Debt Security. (Indenture, Section 106.)

VOTING OF CLASS A BONDS

The Indenture provides that the Indenture Trustee will, as holder of Class A Bonds delivered as the basis for the issuance of Debt Securities, attend meetings of bondholders under the related Class A Mortgage, or deliver its proxy in connection with those meetings, that relate to matters with respect to which it, as a holder, is entitled to vote or consent. The Indenture provides that, so

long as no event of default under the Indenture has occurred and is continuing, the Indenture Trustee will, as holder of the Class A Bonds, vote or consent (without any consent or other action by the holders of the Debt Securities, except as described in the proviso of paragraph (7) below) in favor of any amendments or modifications to the Class A Mortgage of substantially the same tenor and effect as follows:

(1) to modify any Class A Mortgage to allow us to issue Class A Bonds up to 70% of the lower of (a) the fair value to us of the property subject to the lien of that Class A Mortgage as of a valuation date specified by us and (b) the cost of that property as of the valuation date;

(2) to make certain technical amendments to the Mortgage;

(3) to delete the net earnings test for the issuance of Class A Bonds and all references to it in any Class A Mortgage;

(4) to amend any Class A Mortgage so we may pay dividends and distributions to our common stockholders and repurchase our common stock so long as our shareholders' equity is positive;

(5) to amend any Class A Mortgage to permit an entity acquiring a substantial portion of the property subject to the lien of that Class A Mortgage to assume a pro rata share of the outstanding Class A Bonds issued under that Class A Mortgage based upon the net book value of that property acquired by that entity and to release us and our properties from any obligations or liens under that Class A Mortgage with respect to those assumed Class A Bonds, provided that the assumed Class A Bonds will be secured by a first lien on that acquired

property to substantially the same extent and upon substantially the same terms as provided in that Class A Mortgage except for the substitution of the acquiring entity for us;

(6) to conform any provision of a Class A Mortgage in all material respects to the correlative provision of the Indenture, to add to a Class A Mortgage any provision not otherwise contained therein which conforms in all material respects to a provision contained in the Indenture, to delete from a Class A Mortgage any provision to which the Indenture contains no correlative provision and any combination of the foregoing; and/or

(7) with respect to any amendments or modifications to any Class A Mortgage other than those amendments or modifications referred to in clauses (1) through (6) above, vote all the Class A Bonds delivered under the Class A Mortgage, or consent with respect thereto, proportionately with the vote or consent of holders of all other Class A Bonds outstanding under the Class A Mortgage the holders of which are eligible to vote or consent, as evidenced by a certificate delivered by the trustee under the Class A Mortgage; provided, however, that the Indenture Trustee will not vote in favor of, or consent to, any amendment or modification of a Class A Mortgage which, if it were an amendment or modification of the Indenture, would require the consent of holders of Debt Securities as described under "Modification and Waiver," without the prior consent of holders of Debt Securities which would be required for an amendment or modification of the Indenture. (Indenture, Section 1705.)

As described more fully in DESCRIPTION OF THE FIRST MORTGAGE BONDS - "Modification" below, we may make amendments to, or eliminate some of the covenants in, the Mortgage with the consent of the holders of 60% of the outstanding First Mortgage Bonds issued under the Mortgage. A holder of Debt Securities would no longer benefit from the covenants contained in the Mortgage should the Indenture Trustee vote these First Mortgage Bonds to amend or eliminate the covenants as described above.

RESIGNATION OF A TRUSTEE

The Indenture Trustee may resign at any time by giving written notice to us or may be removed at any time by an act of the holders of a majority in principal amount of all series of Debt Securities then outstanding delivered to the Indenture Trustee and us. No resignation or removal of the Indenture Trustee and no appointment of a successor trustee will be effective until the acceptance of appointment by a successor trustee. So long as no event of default or event which, after notice or lapse of time, or both, would become an event of default has occurred and is continuing and except with respect to a trustee appointed by act of the holders, if we have delivered to the Indenture Trustee a resolution of our Board of Directors appointing a successor trustee and the successor has accepted the appointment in accordance with the terms of the Indenture, the Indenture Trustee will be deemed to have resigned and the successor will be deemed to have been appointed as trustee in accordance with the Indenture. (Indenture, Section 1010.)

NOTICES

Notices to holders of Debt Securities will be given by mail to the addresses of the holders as they may appear in the security register for Debt Securities. (Indenture, Section 108.)

TITLE

We, the Indenture Trustee, and any of our or the Indenture Trustee's agents, may treat the person in whose name Debt Securities are registered as the absolute owner thereof, whether or not the Debt Securities may be overdue, for the purpose of making payments and for all other purposes irrespective of notice to the contrary. (Indenture, Section 308.)

GOVERNING LAW

The Indenture is, and the Debt Securities will be, governed by, and construed in accordance with, the laws of the state of New York except where otherwise required by law. (Indenture, Section 114.)

INFORMATION ABOUT THE INDENTURE TRUSTEE

The Indenture Trustee will be The Bank of New York. In addition to acting as Indenture Trustee, The Bank of New York also acts as the Mortgage Trustee. The Bank of New York also acts, and may act, as trustee under various other of our and our affiliates' indentures, trusts and guarantees. We and our affiliates maintain deposit accounts and credit and liquidity facilities and conduct other banking transactions with the trustee and its affiliates in the ordinary course of our respective businesses.

DESCRIPTION OF THE FIRST MORTGAGE BONDS

As discussed above under DESCRIPTION OF THE DEBT SECURITIES - "Security" and "Discharge of Lien; Release Date," the Debt Securities will be issued on the basis of, and primarily secured by, one or more series of first mortgage bonds issued by us under the Indenture of Mortgage, dated as of May 1, 1939, made by and between MDU (formerly Montana-Dakota Utilities Co.) and The New York Trust Company (The Bank of New York, as successor Corporate Trustee (the "Mortgage Trustee")) and all indentures supplemental thereto (including the (Forty-Fifth) Supplemental Indenture, dated as of April 21, 1992, which contains, in Part II thereof, a Restatement of Indenture) (collectively, the "Mortgage") and delivered by us to the Indenture Trustee. In this prospectus we refer to all first mortgage bonds issued or to be issued under the Mortgage, including the first mortgage bonds to be delivered to the Indenture Trustee, as, collectively, the "First Mortgage Bonds."

We will issue First Mortgage Bonds in an aggregate principal amount equal to the aggregate principal amount of the Debt Securities, in one or more series, under the Mortgage, in fully registered form. First Mortgage Bonds are, or will be, secured by a first mortgage lien on the Mortgaged Property as described below under "Security and Priority." All First Mortgage Bonds are equally secured and rank equally with respect to each other.

The Mortgage is filed as an exhibit to the registration statement. This section of the prospectus contains a summary of all material provisions of the Mortgage. The Mortgage and its associated documents contain the full legal text of the matters described in this section. Because this section is a summary, it does not describe every aspect of the First Mortgage Bonds or the Mortgage. This summary is subject to and qualified in its entirety by reference to all the provisions of the Mortgage, including definitions of terms used in the Mortgage, which may be used in this document without definition. We also include references in parentheses to sections of the Mortgage. Whenever we refer to particular sections or defined terms of the Mortgage in this prospectus or in a prospectus supplement, the references are to the Restatement of Indenture described above, and all amendments or modifications to the Restatement of Indenture, if any; and the sections or defined terms are incorporated by reference into this document or in the prospectus supplement. This summary also

is subject to and qualified by reference to the description of the particular terms of the First Mortgage Bonds described in the applicable prospectus supplement or supplements. The Mortgage has been qualified under the Trust Indenture Act, and you should refer to the Trust Indenture Act for provisions that apply to the First Mortgage Bonds.

SECURITY AND PRIORITY

In the opinion of our General Counsel, the First Mortgage Bonds now or hereafter issued will be secured, together with all other First Mortgage Bonds, by a valid and direct first mortgage lien on substantially all of the real and fixed properties owned and all franchises held by us immediately prior to July 1, 2000, together with improvements, extensions and additions to, and renewals, replacements and substitutions of or for, any part or parts of these properties, other than property expressly excepted or released from the Mortgage (as described below), subject to the lien of taxes for the current year and the lien of taxes and assessments not yet delinquent and to specified exceptions and reservations which do not, in the opinion of counsel, materially affect our title to or right to use the properties. This property, other than property excepted and released from the Mortgage, is sometimes referred to as the "Mortgaged Property." There are excepted from Mortgaged Property all properties acquired by us on or after July 1, 2000, including the properties acquired in the merger with Great Plains Energy Corp. and Great Plains Natural Gas Co. (which include all properties of the Company located in the state of Minnesota and all gas distribution properties located in the southeastern part of North Dakota), but excluding improvements, extensions and additions to, and renewals, replacements and substitutions of or for, any part or parts of the Mortgaged Property owned by us immediately prior to July 1, 2000 unless otherwise excepted from the lien of the Mortgage. There are also excepted from Mortgaged Property

all cash, receivables and securities (including the capital stock of Centennial Energy Holdings, Inc., WBI Holdings, Inc., Knife River Corporation, Utility Services, Inc., Centennial Energy Resources LLC, Centennial Holdings Capital LLC, Centennial Energy Resources International Inc, Fidelity Exploration & Production Company and any other subsidiaries); some contracts; merchandise, appliances, materials or supplies; electric energy, gas, steam and other products; and automobiles, tractors, ships, railroad cars and aircraft and various other transportation equipment. The property of subsidiaries, including Centennial Energy Holdings, Inc., WBI Holdings, Inc., Knife River Corporation, Utility Services, Inc., Centennial Energy Resources LLC, Centennial Holdings Capital LLC, Centennial Energy Resources International Inc, Fidelity Exploration & Production Company and any other subsidiaries), is not subject to the lien of the Mortgage. We have released and transferred certain properties from the lien of the Mortgage since July 1, 2000, and may release additional property subject to the lien of the Mortgage against various credits, including:

- cash deposited with the Mortgage Trustee,
- the principal amount of bonds or other obligations deposited with the Mortgage Trustee secured by a purchase money mortgage on the property released up to 70% of the fair value to us of that property, or
- the fair value in cash of bonds or other obligations of municipal corporations or other governmental subdivisions possessing taxing power.

We may withdraw cash held by the Mortgage Trustee against various credits, including

- the principal amount of refundable bonds not previously used under the Mortgage,

- 70% of the net bondable value of property additions, or
- the lesser of cost or fair value to us of property which is already subject to the lien of the Mortgage, but which has not yet been used as a credit under any provisions of the Mortgage.

Property not used as the basis for the issuance of First Mortgage Bonds or otherwise as a credit under the Mortgage may in effect be released without substitution of equivalent property.

The Mortgage provides that after-acquired properties (other than the excepted property and released property described above) that are improvements, extensions or additions to, or renewals, replacements or substitutions of or for, any part or parts of the Mortgaged Property will be subject to the lien of the Mortgage. (Mortgage, Forty-Ninth Supplemental Indenture.) We also may elect to subject additional property to the lien of the Mortgage by amending the Mortgage.

ISSUANCE OF ADDITIONAL FIRST MORTGAGE BONDS

We may issue additional First Mortgage Bonds ranking equally with outstanding First Mortgage Bonds in a principal amount equal to:

(1) 70% of the net bondable value of property additions we acquire;

(2) the amount of cash deposited with the Mortgage Trustee; and

(3) the amount of refundable First Mortgage Bonds surrendered to the Mortgage Trustee.

(Mortgage, Sections 3.04 through 3.06.)

The First Mortgage Bonds will be issued against property additions, refunded First Mortgage Bonds and/or the deposit of cash. On June 30, 2003, we had approximately $251 million of available Property Additions and $163 million of refunded First Mortgage Bonds. See the discussion above under "Security and Priority."

With some exceptions in the case of (3) above, additional First Mortgage Bonds may be issued only if our net earnings available for interest after depletion, as defined in the Mortgage, for any twelve consecutive calendar months within the fifteen calendar months immediately preceding the month in which the application for the additional First Mortgage Bonds is made, are in the aggregate equal to at least two times the amount of the annual stated interest charges on all First Mortgage Bonds thereafter to be outstanding, and on all permitted equal or prior lien debt, if any. (Mortgage, Sections 1.01 and 3.03.) For the twelve months ended June 30, 2003, our net earnings available for interest after depletion were $79 million or 8.1 times the annual stated interest charges on all First Mortgage Bonds and permitted equal or prior lien debt outstanding on that date, which would have permitted us to issue approximately $339 million of additional First Mortgage Bonds.

Property available for use as property additions includes property useful in the energy business in any form (other than gas but including gas distribution property) and water and steam heat property. The property may be located anywhere in the United States of America or its coastal waters and may also include space satellites (including solar power satellites), space stations and other analogous facilities. (Mortgage, Section 1.01.)

Any additional First Mortgage Bonds issued by us would not be included as Debt Securities covered by this prospectus or the registration statement that this prospectus is included within.

DIVIDEND RESTRICTIONS

So long as any of the First Mortgage Bonds are outstanding, we may declare and pay dividends in cash or property on our common stock only out of Surplus, as defined in the Mortgage, or out of net profits for the fiscal year or the preceding fiscal year. However, we may not pay dividends out of net profits if the Capital of the Company, as defined in the Mortgage, has been diminished to a specified extent. (Mortgage, Section 2.01.)

MAINTENANCE AND DEPRECIATION PROVISIONS

We are required to make expenditures necessary to maintain the mortgaged property in good repair, except that we may abandon any property, and to make provisions for depreciation and for depletion of depletable fixed assets in accordance with good accounting practices and in accordance with any applicable rules of any regulatory authority having jurisdiction. (Mortgage, Section 6.06.)

MODIFICATION

Modifications of the terms of the Mortgage may be made with our consent by an affirmative vote of at least 60% in principal amount of outstanding First Mortgage Bonds and of at least 60% in principal amount of outstanding First Mortgage Bonds of any series especially affected by the modification; but no modification may be made which will affect the terms of payment of the principal at maturity of, or interest on, any First Mortgage Bond. (Mortgage, Article XV.)

VOTING OF FIRST MORTGAGE BONDS HELD BY THE INDENTURE TRUSTEE

The Indenture Trustee will, as holder of the First Mortgage Bonds, attend meetings of bondholders under the Mortgage, or deliver its proxy in connection with those meetings, as to matters with respect to which it is entitled to vote or consent. See DESCRIPTION OF THE DEBT SECURITIES - "Voting of Class A Bonds."

DEFAULTS AND NOTICE OF DEFAULTS

"Events of default" include the failure to pay principal, failure for 30 days to pay interest or to make any required deposit in any fund for the purchase or redemption of First Mortgage Bonds (including any sinking fund or

improvement and sinking fund), failure for 90 days after written notice to perform any other covenant, and various events in bankruptcy or insolvency. (Mortgage, Article IX.)

The Trustees under the Mortgage are required to give notice to Bondholders of any continuing event of default known to them, but other than for a default in the payment of principal or interest or a sinking fund installment, the Trustees may withhold notice if the responsible officers of the Corporate Trustee in good faith determine that the withholding is in the interests of the Bondholders. (Mortgage, Section 13.03.)

SATISFACTION AND DISCHARGE

Once we make due provision for the payment of all of the First Mortgage Bonds and paying all other sums due under the Mortgage, the Mortgage will cease to be of further effect and may be discharged. (Mortgage, Article XVI.)

ANNUAL REPORT TO THE MORTGAGE TRUSTEE

We must give the Mortgage Trustee an annual statement as to whether or not we have fulfilled our obligations under the Mortgage throughout the preceding calendar year.

DESCRIPTION OF THE COMMON STOCK

COMMON STOCK - GENERAL

The following is a description of all material attributes of our common stock. This description is not complete, and we qualify it by referring to the laws of the state of Delaware and our restated certificate of incorporation, amended bylaws and Mortgage. The restated certificate of incorporation, amended bylaws and Mortgage are exhibits 3(a), 3(b) and 4(a), respectively, to the registration statement that this prospectus is included within and all of these documents are incorporated into this prospectus by reference. We also refer you to the rights agreement, dated as of November 12, 1998, between us and Norwest Bank Minnesota, NA (now, Wells Fargo Bank Minnesota, N.A.), as rights agent, that we incorporate into this document by reference to Exhibit 4(c) to the registration statement that this prospectus is included within.

Our restated certificate of incorporation authorizes us to issue 252,000,000 shares of stock, divided into four classes:

- 500,000 shares of preferred stock, $100 par value;
- 1,000,000 shares of preferred stock A, without par value;
- 500,000 shares of preference stock, without par value; and
- 250,000,000 shares of common stock, $1.00 par value.

DIVIDEND RIGHTS

Under our restated certificate of incorporation, we may declare and pay dividends on our common stock, out of surplus or net profits, only if we have paid or provided for full cumulative dividends on all outstanding shares of preferred and preference stock. As of June 30, 2003, we had no preference stock outstanding.

In addition to these provisions, our first mortgage bond indenture includes a covenant generally to the effect that we may declare and pay dividends in cash or property on our common stock only either (1) out of "surplus" or (2) in case there is no "surplus," out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. For purposes of this test, "surplus" means the excess of our net assets over our "capital"; and "capital" means that part of the consideration received by us for any of our shares of common stock which has been determined to be "capital."

VOTING RIGHTS

Our common stock has one vote per share. The holders of our common stock are entitled to vote on all matters to be voted on by stockholders. The holders of our common stock do not have cumulative voting rights.

The holders of our preferred stock, preferred stock A and preference stock do not have the right to vote, except as our board of directors establishes or as provided in our restated certificate of incorporation or bylaws or as determined by state law.

Our restated certificate of incorporation gives the holders of our preferred stock, preferred stock A or the preference stock the right to vote if dividends are unpaid, in whole or in part, on their shares for one year. The holders have one vote per share until we pay the dividend arrearage, declare dividends for the current dividend period and set aside the funds to pay the current dividends. In addition, the holders of some series of our preferred stock and preferred stock A, and/or the holders of our preference stock, must approve amendments to the restated certificate of incorporation in some instances.

LIQUIDATION RIGHTS

If we were to liquidate, the holders of the preferred stock, preferred stock A and the preference stock have the right to receive specified amounts, as set forth in our restated certificate of incorporation, before we can make any payments to the holders of our common stock. After the preferred and preference stock payments are made, the holders of our common stock are entitled to share in all of our remaining assets available for distribution to stockholders.

OTHER RIGHTS

Our common stock is not liable to further calls or assessment. The holders of our common stock have no preemptive rights. Our common stock cannot be redeemed, and it does not have any conversion rights or sinking fund provisions.

EFFECTS ON OUR COMMON STOCK IF WE ISSUE PREFERRED OR PREFERENCE STOCK

Our board of directors has the authority, without further action by the stockholders, to issue up to 500,000 shares of preferred stock, 1,000,000 shares of preferred stock A and 500,000 shares of preference stock, each in one or more series. Our board of directors has the authority to determine the terms of each series of any preferred or preference stock, within the limits of the restated certificate of incorporation and the laws of the state of Delaware. These terms include the number of shares in a series, dividend rights, liquidation preferences, terms of redemption, conversion rights and voting rights.

If we issue any preferred or preference stock, we may negatively affect the holders of our common stock. These possible negative effects include diluting the voting power of shares of our common stock and affecting the market price of our common stock. In addition, the ability of our board of directors to issue preferred or preference stock may delay or prevent a change in control of MDU Resources.

As of June 30, 2003, we had 163,000 shares of preferred stock outstanding, and we have reserved 125,000 shares of Series B preference stock for issuance in connection with our rights plan.

PROVISIONS OF OUR RESTATED CERTIFICATE OF INCORPORATION AND OUR BYLAWS THAT COULD DELAY OR PREVENT A CHANGE IN CONTROL

Our restated certificate of incorporation and bylaws contain provisions which will make it difficult to obtain control of MDU Resources if our board of directors does not approve the transaction. The provisions include the following:

PROVISIONS RELATING TO OUR BOARD OF DIRECTORS

CLASSIFIED BOARD

We have divided the members of our board of directors into three classes as

nearly equal in number as may be. Directors in each class are elected for a three-year term.

This classification of our board of directors may prevent stockholders from changing the membership of the entire board of directors in a relatively short period of time. At least two annual meetings, instead of one, generally will be required to change the majority of directors. The classified board provisions could have the effect of prolonging the time required for a stockholder with significant voting power to gain majority representation on our board of directors. Where majority or supermajority board of directors approval is necessary for a transaction, like in the case of an interested stockholder business combination, the inability immediately to gain majority representation on the board of directors could discourage takeovers and tender offers.

NUMBER OF DIRECTORS, VACANCIES, REMOVAL OF DIRECTORS

Our restated certificate of incorporation provides that our board of directors will have at least six and at most 15 directors. Two-thirds of the continuing directors decide the exact number of directors at a given time. Our board fills any new directorships it creates and any vacancies.

Our directors may be removed only for cause and then only by a majority of the shares entitled to vote.

MEETINGS OF STOCKHOLDERS

NO CUMULATIVE VOTING

Our restated certificate of incorporation does not provide for cumulative voting.

ADVANCE NOTICE PROVISIONS

Our bylaws require that for a stockholder to nominate a director or bring other business before an annual meeting, the stockholder must give notice not less than 120 days prior to the date corresponding to the date on which we first mailed our proxy materials for the prior year's annual meeting.

Our restated certificate of incorporation prevents stockholders from calling a special meeting. In addition, our restated certificate of incorporation provides that stockholder action may be taken only at a stockholders' meeting.

AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION

Our restated certificate of incorporation requires the affirmative vote of 80% of the common stock entitled to vote in order to amend Articles Twelfth, Thirteenth, Fourteenth, Fifteenth and Sixteenth of our restated certificate of incorporation, unless two-thirds of the continuing directors approve the amendment. Article Twelfth of our restated certificate of incorporation specifies fair price and other requirements applicable to a business combination involving an interested stockholder (e.g., a stockholder who is our affiliate). Article Thirteenth of our restated certificate of incorporation contains provisions relating to our board of directors, including provisions establishing a classified board. Article Fourteenth of our restated certificate of incorporation expressly permits our board of directors to consider the factors described below under "Provisions Relating to the Authorization of Business Combinations" in determining whether or not to approve some types of business combinations. Article Fifteenth of our restated certificate of incorporation contains the requirement described in the first sentence of this paragraph that

80% of the common stock entitled to vote must vote in favor of an amendment to the articles specified above unless two-thirds of the continuing directors approve the amendment. Finally, Article Sixteenth of the restated certificate of incorporation prohibits stockholders from taking action by written consent and describes the persons who may call special meetings of our stockholders.

PROVISIONS RELATING TO THE AUTHORIZATION OF BUSINESS COMBINATIONS

Our restated certificate of incorporation requires the affirmative vote of 80% of the common stock entitled to vote for directors in order to authorize business combinations with interested stockholders. Any business combination must also meet specified fair price and procedural requirements. However, if two-thirds of our continuing directors approve the business combination, then the vote of 80% of the common stock and the fair price provisions will not be required.

There is also a provision in our restated certificate of incorporation permitting our board of directors to consider the following factors in determining whether or not to approve some types of business combinations:

- The consideration to be received by us or our stockholders in connection with the business combination in relation not only to the then current market price for our outstanding capital stock, but also to the market price for our capital stock over a period of years, the estimated price that might be achieved in a negotiated sale of us as a whole or in part through orderly liquidation, the premiums over market price for the securities of other corporations in similar transactions, current political, economic and other factors bearing on securities prices and our financial condition, future prospects and future value as an independent corporation;

- The character, integrity and business philosophy of the other party or parties to the business combination transaction and the management of that party or those parties;

- The business and financial conditions and earnings prospects of the other party or parties to the business combination transaction, including, but not limited to, debt service and other existing or likely financial obligations of that party or those parties, the intention of the other party or parties to the business combination transaction regarding the use of our assets to finance the acquisition, and the possible effect of the conditions upon us and our subsidiaries and the other elements of the communities in which we and our subsidiaries operate or are located;

- The projected social, legal and economic effects of the proposed action or transaction upon us or our subsidiaries, employees, suppliers, customers and others having similar relationships with us, and the communities in which we and our subsidiaries do business;

- The general desirability of our continuance as an independent entity; and

- Such other factors as the continuing directors may deem relevant.

PROVISIONS OF DELAWARE LAW THAT COULD DELAY OR PREVENT A CHANGE IN CONTROL

We are subject to the provisions of Section 203 of the General Corporation Law of Delaware. With some exceptions, this law prohibits us from engaging in some types of business combinations with a person who owns 15% or more of our outstanding voting stock for a three-year period after that person acquires the

stock. This prohibition does not apply if our board of directors approved of the business combination or the acquisition of our stock before the person acquired 15% of the stock. A business combination includes mergers, consolidations, stock sales, asset sales and other transactions resulting in a financial benefit to the interested stockholder.

TRANSFER AGENT; REGISTRAR

The transfer agent and registrar for our common stock is Wells Fargo Bank Minnesota, N.A., Saint Paul, Minnesota.

DESCRIPTION OF THE PREFERENCE SHARE PURCHASE RIGHTS

GENERAL

On November 12, 1998, the board of directors declared a dividend of one preference share purchase right for each outstanding share of common stock, par value $1.00 per share. The dividend was paid on December 1, 1998 to the stockholders of record on that date.

Our board of directors has adopted a rights agreement to protect our stockholders from coercive or otherwise unfair takeover tactics. In general terms, it works by imposing a significant penalty upon any person or group which acquires 15% or more of our outstanding common stock without the approval of the board of directors. The rights agreement should not interfere with any merger or other business combination approved by our board of directors.

For those interested in the specific terms of the rights agreement between us and Wells Fargo Bank Minnesota, N.A., as the rights agent, dated as of November 12, 1998, we are providing the following summary description of all of the material terms of the rights agreement. Please note, however, that this description is only a summary, and is not complete, and should be read together with the entire rights agreement, a copy of which is available from us free of charge.

THE RIGHTS

Our board of directors authorized the issuance of a preference share purchase right with respect to each issued and outstanding share of our common stock on December 1, 1998. The preference share purchase rights will initially trade with, and will be inseparable from, the common stock. The preference share purchase rights are evidenced only by certificates that represent shares of common stock. New preference share purchase rights will accompany any new shares of common stock that we issue after December 1, 1998 until the distribution date described below.

EXERCISE PRICE

Each preference share purchase right will allow its holder to purchase from us one one-thousandth of a share of Series B preference stock for $125, once the preference share purchase rights become exercisable. This portion of a share of Series B preference stock will give the stockholder approximately the same dividend and liquidation rights as would one share of common stock. Prior to exercise, the preference share purchase right does not give its holder any dividend, voting, or liquidation rights.

EXERCISABILITY

The preference share purchase rights will not be exercisable until:

- 10 days after the public announcement that a person or group has become an

"acquiring person" by obtaining beneficial ownership of 15% or more of MDU Resources' outstanding common stock, or, if earlier,

- 10 business days (or a later date determined by our board of directors before any person or group becomes an acquiring person) after a person or group begins a tender or exchange offer which, if consummated, would result in that person or group becoming an acquiring person.

We refer to the date when the preference share purchase rights become exercisable as the "distribution date." Until that date, the common stock certificates will also evidence the preference share purchase rights, and any transfer of shares of common stock will constitute a transfer of preference share purchase rights. After that date, the preference share purchase rights will separate from the common stock and be evidenced by book-entry credits or by preference share purchase rights certificates that we would mail to all eligible holders of common stock. Any preference share purchase rights held by an acquiring person are void and may not be exercised.

Our board of directors may reduce the threshold at which a person or group becomes an acquiring person from 15% to not less than 10% of the outstanding common stock.

CONSEQUENCES OF A PERSON OR GROUP BECOMING AN ACQUIRING PERSON

Flip In. If a person or group becomes an acquiring person, all holders of preference share purchase rights except the acquiring person may, for $125, purchase shares of our common stock with a market value of $250, based on the market price of the common stock prior to the acquisition.

Flip Over. If we are later acquired in a merger or similar transaction after the "preference share purchase rights distribution date," all holders of preference share purchase rights except the acquiring person may, for $125, purchase shares of the acquiring corporation with a market value of $250, based on the market price of the acquiring corporation's stock prior to the merger.

PREFERENCE SHARE PROVISIONS

Each one one-thousandth of a share of Series B preference stock, if issued:

- will not be redeemable.
- will entitle holders to quarterly dividend payments of $.001 per share, or an amount equal to the dividend paid on one share of common stock, whichever is greater.
- will entitle holders upon liquidation either to receive $1.00 per share or an amount equal to the payment made on one share of common stock, whichever is greater.
- will have no voting power, except as otherwise provided by Delaware law or our restated certificate of incorporation.
- will entitle holders to a per share payment equal to the payment made on one share of common stock, if shares of our common stock are exchanged via merger, consolidation, or a similar transaction.

The value of one one-thousandth interest in a share of Series B preference stock should approximate the value of one share of common stock.

EXPIRATION

The preference share purchase rights will expire on December 31, 2008.

REDEMPTION

Our board of directors may redeem the preference share purchase rights for $.01 per preference share purchase right at any time before any person or group becomes an acquiring person. If the board of directors redeems any preference share purchase rights, it must redeem all of the preference share purchase rights. Once the preference share purchase rights are redeemed, the only right of the holders of preference share purchase rights will be to receive the redemption price of $.01 per preference share purchase right. The redemption price will be adjusted if we have a stock split of, or stock dividends on, our common stock.

EXCHANGE

After a person or group becomes an acquiring person, but before an acquiring person owns 50% or more of our outstanding common stock, our board of directors may extinguish the preference share purchase rights by exchanging one share of common stock or an equivalent security for each preference share purchase right, other than preference share purchase rights held by the acquiring person.

ANTI-DILUTION PROVISIONS

Our board of directors may adjust the purchase price of a share of Series B preference stock, the number of shares of Series B preference stock issuable and the number of outstanding preference share purchase rights to prevent dilution that may occur from a stock dividend, a stock split, a reclassification of the Series B preference stock or common stock. No adjustments to the exercise price of less than 1% will be made.

AMENDMENTS

The terms of the rights agreement may be amended by our board of directors without the consent of the holders of the preference share purchase rights. However, our board may not amend the rights agreement to lower the threshold at which a person or group becomes an acquiring person to below 10% of our outstanding common stock. In addition, our board may not cause a person or group to become an acquiring person by lowering this threshold below the percentage interest that the person or group already owns. After a person or group becomes an acquiring person, the board may not amend the agreement in a way that adversely affects holders of the preference share purchase rights.

PLAN OF DISTRIBUTION

We may sell the securities offered by this prospectus in one or more of the following ways from time to time: (i) to underwriters for resale to the public or to institutional investors; (ii) directly to institutional investors; or (iii) through agents to the public or to institutional investors. The prospectus supplement with respect to the securities being sold will set forth the terms of the offering of those securities, including the name or names of any underwriters or agents, the purchase price of the securities and the net

proceeds to us from the sale, any underwriting discounts or agency fees and other items constituting underwriters' or agents' compensation, any initial public offering price, and any discounts or concessions allowed or reallowed or paid to dealers.

If underwriters participate in the sale, the securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale.

If the securities are sold by agents, commissions payable by us to those agents will be set forth in a related prospectus supplement. Unless otherwise indicated in a prospectus supplement, any agent will be acting on a reasonable efforts basis for the period of its appointment.

Unless otherwise set forth in the prospectus supplement, the obligations of the underwriters to purchase the securities will be subject to conditions precedent and the underwriters will be obligated to purchase all the securities being offered if any are purchased.

We may make sales of our common stock to or through one or more underwriters or agents in at-the-market offerings, and, if we engage in such transactions, we will do so pursuant to the terms of a distribution agreement between us and the underwriters or agents. If we engage in at-the-market sales pursuant to a distribution agreement, we will issue and sell shares of our common stock to or through one or more underwriters or agents, which may act on an agency basis or on a principal basis. During the term of any such distribution agreement, we may sell shares on a daily basis in exchange transactions or otherwise as we agree with the underwriters or agent. The distribution agreement may provide that any shares of our common stock sold will be sold at prices related to the then prevailing market prices for our securities. Therefore, exact figures regarding net proceeds to us or commissions to be paid are impossible to determine and will be described in a prospectus supplement. Pursuant to the terms of the distribution agreement, we also may agree to sell, and the relevant underwriters or dealers may agree to solicit offers to purchase, blocks of our common stock. The terms of each such distribution agreement will be set forth in more detail in a prospectus supplement to this prospectus. To the extent that any named underwriter or agent acts as principal pursuant to the terms of a distribution agreement, or if we offer to sell shares of our common stock through another broker-dealer acting as underwriter, then such named underwriter may engage in certain transactions that stabilize, maintain or otherwise affect the price of our common stock. We will describe any such activities in the prospectus supplement relating to the transaction. To the extent that any named broker dealer or agent acts as agent on a best efforts basis pursuant to the terms of a distribution agreement, such broker dealer or agent will not engage in any such stabilization transactions.

Underwriters and agents may be entitled under agreements entered into with us to indemnification against securities civil liabilities, including liabilities under the Securities Act of 1933. Underwriters and agents may engage in transactions with, or perform services for, us in the ordinary course of business.

Each series of securities offered by this prospectus will be a new issue and, except for the common stock, which is listed on the New York Stock Exchange and the Pacific Exchange, will have no established trading market. We may elect to list any series of new securities on an exchange, or in the case of the common stock, on any additional exchange, but unless otherwise indicated in the prospectus supplement, we have no obligation to cause any securities to be so listed. Any underwriters that purchase securities for public offering and sale may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We make no assurance as to the liquidity of, or the trading markets for, any securities.

EXPERTS

The consolidated financial statements and consolidated financial statement schedule incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2002, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports which are incorporated herein by reference (which express an unqualified opinion and include an explanatory paragraph relating to the application of certain procedures relating to certain other disclosures and reclassifications of financial statement amounts related to the 2001 and 2000 consolidated financial statements that were audited by other auditors for which Deloitte & Touche LLP has expressed no opinion or other form of assurance other than with respect to such disclosures and reclassifications), and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

Our consolidated financial statements and schedule as of December 31, 2001, and for the years ended December 31, 2001 and 2000 incorporated in this prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2002 were audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto (which expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of a new accounting principle), and have been so incorporated in reliance upon the report and upon the authority of that firm as experts in accounting and auditing in giving the report. On February 14, 2002, we dismissed Arthur Andersen LLP as our independent public accounting firm, and on March 25, 2002, we hired Deloitte & Touche LLP as our independent auditors for the 2002 fiscal year. Since that time, Arthur Andersen LLP was convicted on federal charges of obstruction of justice, and in August 2002, Arthur Andersen LLP ceased performing auditing services worldwide. These events may materially and adversely affect the ability of Arthur Andersen LLP to satisfy all of their existing and future obligations, including claims under the federal securities laws. Accordingly, purchasers of our securities may be limited in their ability to recover damages from Arthur Andersen LLP for any claims that may arise out of Arthur Andersen LLP's audit of our financial statements. In addition, we were not able to obtain the consent of Arthur Andersen LLP as required by Section 7 of the Securities Act to the incorporation by reference of their report on the audited financial statements into the registration statement. As a result of Arthur Andersen LLP not having provided a consent, the ability of purchasers of our securities to assert claims and seek remedies against Arthur Andersen LLP may be limited with respect to their report, particularly those remedies arising under Section 11 of the Securities Act.

LEGAL OPINIONS

The validity of the securities has been passed upon for us by Lester H. Loble, II, Esq., our General Counsel, and also by Thelen Reid & Priest LLP, 875 Third Avenue, New York, New York 10022.

NO DEALER, SALESPERSON OR OTHER PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO REPRESENT ANYTHING NOT CONTAINED IN THIS PROSPECTUS. YOU MUST NOT RELY ON ANY UNAUTHORIZED INFORMATION OR REPRESENTATIONS. THIS PROSPECTUS IS AN OFFER TO SELL ONLY THE SECURITIES OFFERED HEREBY, BUT ONLY UNDER CIRCUMSTANCES AND IN JURISDICTIONS WHERE IT IS LAWFUL TO DO SO. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS CURRENT ONLY AS OF ITS DATE.

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2,000,000 SHARES

MDU RESOURCES GROUP, INC.

COMMON STOCK

A.G. EDWARDS & SONS, INC. EDWARD D. JONES & CO., L.P.

THE DATE OF THIS PROSPECTUS SUPPLEMENT IS FEBRUARY 4, 2004.

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(Back To Top)

MDU 424B5 11/20/2002

Section 1: 424B5 (424(B)(5) PER 333-49472)

PROSPECTUS SUPPLEMENT

(To Prospectus dated November 19, 2002)

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-49472

2,100,000 SHARES

MDU RESOURCES GROUP, INC.
COMMON STOCK

MDU Resources is offering 2,100,000 shares of its common stock. The common stock of MDU Resources is listed on the New York Stock Exchange and the Pacific Exchange under the symbol "MDU." The last reported sale price of the common stock on the New York Stock Exchange on November 19, 2002 was $24.20 per share.

	PER SHARE	TOTAL
Public offering price.....	$24.00	$50,400,000
Underwriting discounts and commissions.....	$ 0.72	$ 1,512,000
Proceeds, before expenses, to MDU Resources....	$23.28	$48,888,000

The underwriter may also purchase up to an additional 300,000 shares of common stock, at the public offering price, less the underwriting discounts and commissions, within 30 days from the date of this prospectus supplement to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these shares or determined if this prospectus supplement and the accompanying prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

The underwriter expects to deliver the shares of common stock against payment in New York, New York on November 25, 2002.

Banc of America Securities LLC

The date of this prospectus supplement is November 19, 2002.

TABLE OF CONTENTS

	PAGE
PROSPECTUS SUPPLEMENT	

60

About this Prospectus Supplement.....S-3
Summary.....S-4
Use of Proceeds.....S-8
Common Stock Dividends and Price Range.....S-9
Underwriting.....S-10
Experts.....S-13
Legal Matters.....S-13

PROSPECTUS

Forward-Looking Statements.....3
Where You Can Find More Information About Mdu Resources.....3
Mdu Resources Group, Inc.....5
Use of Proceeds.....6
Description of Common Stock.....6
Plan of Distribution.....13
Experts.....14
Legal Opinions.....14

ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus. Neither MDU Resources nor the underwriter has authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither MDU Resources nor the underwriter is making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement or that the information incorporated by reference in the accompanying prospectus is accurate as of any date other than the date on the front of those documents.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read the entire prospectus supplement, including the accompanying prospectus and the documents incorporated by reference which are described under WHERE YOU CAN FIND MORE INFORMATION ABOUT MDU RESOURCES in the accompanying prospectus. In the event that the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

This prospectus supplement and the accompanying prospectus contain, or incorporate by reference, forward-looking statements. Such forward-looking statements should be considered together with the cautionary statements and important factors included in the documents incorporated by reference which are described under WHERE YOU CAN FIND MORE INFORMATION ABOUT MDU RESOURCES in the accompanying prospectus.

SUMMARY

This summary highlights certain information appearing elsewhere in this document. This summary is not complete and does not contain all of the information that may be important to you. You should read the entire prospectus supplement, the accompanying prospectus and the information incorporated herein by reference before purchasing the common stock.

MDU RESOURCES GROUP, INC.

MDU Resources is a diversified natural resource company which was incorporated under the laws of the State of Delaware in 1924. Its principal executive offices are at the Schuchart Building, 918 East Divide Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, telephone (701) 222-7900.

61

Montana-Dakota Utilities Co., a public utility division of MDU Resources, through the electric and natural gas distribution segments, generates, transmits and distributes electricity and distributes natural gas in the northern Great Plains. Great Plains Natural Gas Co., another public utility division of MDU Resources, distributes natural gas in southeastern North Dakota and western Minnesota. These operations also supply related value-added products and services.

MDU Resources, through its wholly owned subsidiary, Centennial Energy Holdings, Inc., owns WBI Holdings, Inc., Knife River Corporation, Utility Services, Inc. and Centennial Holdings Capital Corp.

WBI Holdings is comprised of the pipeline and energy services and the natural gas and oil production segments. The pipeline and energy services segment provides natural gas transportation, underground storage and gathering services through regulated and nonregulated pipeline systems primarily in the Rocky Mountain and northern Great Plains regions of the United States and provides energy-related marketing and management services, as well as cable and pipeline locating services. The natural gas and oil production segment is engaged in natural gas and oil acquisition, exploration and production activities primarily in the Rocky Mountain region of the United States and in the Gulf of Mexico.

Knife River mines aggregates and markets crushed stone, sand, gravel and other related construction materials, including ready-mixed concrete, cement and asphalt, as well as value-added products and services in the north central and western United States, including Alaska and Hawaii.

Utility Services is a diversified infrastructure company specializing in engineering, design and build capability for electric, gas and telecommunication utility construction, as well as industrial and commercial electrical, exterior lighting and traffic signalization throughout most of the United States. Utility Services also provides related specialty equipment manufacturing, sales and rental services.

Centennial Capital invests in new growth and synergistic opportunities, including independent power production, which are not directly being pursued by the existing business units but which are consistent with MDU Resources' philosophy and growth strategy. These activities are reflected in the pipeline and energy services segment.

MDU Resources, through its wholly owned subsidiary, MDU Resources International, Inc., invests in projects outside the United States which are consistent with the MDU Resources' philosophy, growth strategy and areas of expertise. These activities are reflected in the pipeline and energy services segment.

RECENT DEVELOPMENTS

Brazilian Electric Generation Operations

MDU Resources continues its efforts to complete financing for a 200-megawatt natural gas-fired electric generation project in Brazil. Earnings for the 2002 third quarter included a $4.0 million gain from MDU Resources' 49% owned Brazilian operations. The gain was largely attributable to foreign currency gains on Brazilian real-denominated obligations. While the matter has not been finally resolved, MDU Resources' management has initially determined the functional currency for the project to be the U.S. dollar. MDU Resources' determination is based on the fact that the contract revenues for the project are largely indexed to the U.S. dollar. In addition, the majority of expected operation and maintenance expenses as well as actual equipment purchases are in U.S. dollars. If, however, the Brazilian real is ultimately deemed to be the functional currency, rather than recording a $4.0 million gain, MDU Resources would be required to restate earnings for the three months ended September 30, 2002 to reflect a net loss from Brazilian operations for the third quarter of approximately $7.5 million, largely from foreign currency losses related to U.S. dollar-denominated obligations. This change from a gain to a loss on the equity method investment would result in earnings and earnings per common share, diluted, for the three months ended September 30, 2002 of $42.2 million and $.59, respectively and for the nine months ended September 30, 2002 of $90.4

62

million and $1.28, respectively. As of the date of this prospectus supplement, this matter has not been finally resolved and is expected to be resolved in the fourth quarter.

Domestic Independent Power Projects

On November 1, 2002, MDU Resources' independent power production group purchased 213 megawatts of natural gas-fired electric generating facilities located in Brush, Colorado. Ninety-five percent of the facilities' output is sold to a non-affiliated utility under long-term power purchase contracts.

MDU Resources' plans to construct a 113-megawatt coal-fired electric generation station in Montana are pending. MDU Resources purchased plant equipment and obtained all permits necessary to begin construction. NorthWestern Energy terminated the power purchase agreement for the energy from this plant; however, MDU Resources is pursuing other markets for the energy and is studying its options regarding this project. MDU Resources has suspended construction activities except for those items of a critical nature. At September 30, 2002, MDU Resources' investment in this project was approximately $22.4 million.

SUMMARY HISTORICAL FINANCIAL DATA

The following information, which is presented in this prospectus supplement solely to furnish limited introductory information, is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference in the accompanying prospectus. In the opinion of MDU Resources, all adjustments (constituting only normal recurring accruals) necessary for a fair statement of the results of operations for the nine months ended September 30, 2002 and 2001 have been made. The income statement data for the nine months ended September 30, 2002 and September 30, 2001, respectively, are not necessarily indicative of the results for the entire year

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31		
	2002(a)	2001	2001	2000	1999
	(UNAUDITED)		(MILLIONS OF DOLLARS)		
CONSOLIDATED INCOME STATEMENT DATA:					
Operating revenues.....	$1,474.6	$1,739.3	$2,223.6	$1,873.7	$1,279.8
Operating income.....	$187.2	$227.1	$273.3	$217.0	$159.8
Net income.....	$102.5	$126.9	$155.8	$111.0	$84.1
Earnings on Common Stock.....	$101.9	$126.3	$155.1	$110.3	$83.3

(a) Includes the one-time effect of a compromise agreement resulting in a $27.4 million ($16.6 million after-tax) nonrecurring gain realized in the first quarter of 2002.

THE OFFERING

Common stock offered..... 2,100,000(1)

Common stock to be outstanding

after the offering.....	73,772,530(1)
Use of Proceeds.....	The net proceeds from the offering will be approximately $48.7 million, after deducting underwriting discounts and commissions and offering expenses. Approximately $35 million of the net proceeds will be used to repay commercial paper indebtedness issued by a subsidiary of MDU Resources to finance a portion of the acquisition on November 1, 2002, of 213 megawatts of natural gas-fired electric generating facilities. The remainder of the net proceeds of the sale of these shares will be added to the general funds of MDU Resources and may be used for the refunding of outstanding debt obligations, for corporate development purposes (including the acquisition of other businesses and/or business assets), and for other general corporate purposes.
New York Stock Exchange and Pacific Exchange symbol.....	MDU

The number of shares of common stock offered and to be outstanding immediately after the offering does not include:

- 300,000 shares of common stock that the underwriter has an option to purchase from us within 30 days of the date of this prospectus supplement; and
- 3,243,945 shares of common stock issuable upon the exercise of outstanding stock options, as of November 14, 2002, with a weighted average exercise price of $27.87 per share.

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(1) All shares of common stock include the appurtenant preference share purchase rights thereto as described more fully in the accompanying prospectus under the caption DESCRIPTION OF COMMON STOCK.

USE OF PROCEEDS

The net proceeds from the offering will be approximately $48.7 million, after deducting underwriting discounts and commissions and offering expenses payable by MDU Resources. Of the net proceeds, approximately $35 million will be used to discharge commercial paper indebtedness issued by a subsidiary of MDU Resources, maturing in varying amounts either weekly or monthly at varying interest rates presently ranging from 1.45% to 1.90%. The commercial paper indebtedness was incurred to finance a portion of the acquisition on November 1, 2002, by Brush Power LLC, an indirect subsidiary of MDU Resources, of 213 megawatts of natural gas-fired electric generating facilities located in Brush, Colorado. The balance of the purchase price came from long-term debt issued by a subsidiary of MDU Resources. The remainder of the net proceeds of the sale of these shares will be added to the general funds of MDU Resources and may be used for the refunding of outstanding debt obligations, for corporate development purposes (including the acquisition of other businesses and/or business assets), and for other general corporate purposes.

COMMON STOCK DIVIDENDS AND PRICE RANGE

The following table sets forth the high and low sales prices per share of the common stock reported by The Wall Street Journal composite tape and the

dividends declared for the indicated periods.

	PRICE RANGE		DIVIDENDS
	HIGH	LOW	PER SHARE
Fiscal Year Ended December 31, 2000:			
First Quarter	$21.44	$17.63	$ 0.21
Second Quarter	23.25	20.38	0.21
Third Quarter	30.06	21.56	0.22
Fourth Quarter	33.00	27.44	0.22
			$ 0.86
Fiscal Year Ended December 31, 2001:			
First Quarter	$35.76	$27.38	$ 0.22
Second Quarter	40.37	31.38	0.22
Third Quarter	32.90	22.38	0.23
Fourth Quarter	28.30	23.00	0.23
			$ 0.90
Fiscal Year Ending December 31, 2002:			
First Quarter	$31.09	$27.25	$ 0.23
Second Quarter	33.45	25.75	0.23
Third Quarter	27.40	18.00	0.24
(through November 19, 2002)	25.65	20.91	

The last reported sale price for the common stock on the NYSE on November 19, 2002 was $24.20 per share. As of September 30, 2002, the Company's common stock was held by approximately 14,400 stockholders of record.

The next quarterly dividend is expected to be paid on January 1, 2003 to stockholders of record on December 12, 2002.

UNDERWRITING

MDU Resources is offering the shares of its common stock described in the accompanying prospectus through Banc of America Securities LLC, as underwriter. MDU Resources has entered into an underwriting agreement with the underwriter. Subject to the terms and conditions of the underwriting agreement, MDU Resources has agreed to sell to the underwriter, and the underwriter has agreed to purchase from MDU Resources, 2,100,000 shares of common stock.

The underwriter initially will offer the shares to the public at the price specified on the cover page of this prospectus supplement. The underwriter may allow to some dealers a concession of not more than $0.40 per share. The underwriter also may allow, and any dealers may reallow, a concession of not more than $0.10 per share to some other dealers. If all the shares are not sold at the public offering price, the underwriter may change the offering price and the other selling terms. The common stock is offered subject to a number of conditions, including:

- receipt and acceptance of the common stock by the underwriter; and
- the underwriter's right to reject orders in whole or in part.

The underwriter has an option to buy up to 300,000 additional shares of common stock from MDU Resources to cover sales of shares of the common stock by the underwriter made in connection with this offering which exceed the number of shares specified in the table above. The underwriter has 30 days from the date of this prospectus to exercise this option.

The following table shows the per share and total public offering price, underwriting discounts and commissions to be paid to the underwriter and proceeds before expenses to MDU Resources, assuming both no exercise and full

65

exercise of the underwriter's option to purchase additional shares.

	PER SHARE	NO EXERCISE	FULL EXERCISE
Public offering price.....	$24.00	$50,400,000.00	$57,600,000.00
Underwriting discounts and commissions.....	$ 0.72	$ 1,512,000.00	$ 1,728,000.00
Proceeds, before expenses, to MDU Resources.....	$23.28	$48,888,000.00	$55,872,000.00

MDU Resources estimates that the expenses of this offering payable by MDU Resources, not including underwriting discounts and commissions, will be $192,500.

MDU Resources has agreed that, for a period of 45 days from the date of this prospectus supplement, it will not, without the prior written consent of the underwriter:

(1) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of common stock or any securities convertible into or exercisable or exchangeable for common stock or file any registration statement under the Securities Act of 1933 Act with respect to any of the foregoing or

(2) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of common stock,

whether any such swap or transaction described in (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, except with respect to MDU Resources for:

(A) the shares of common stock to be sold in this offering,

(B) any shares of common stock issued or options to purchase common stock granted pursuant to existing benefit plans of MDU Resources described or incorporated by reference in this prospectus supplement or the accompanying prospectus,

(C) any shares of common stock issued pursuant to any non-employee director stock plan or dividend reinvestment plan or

(D) any shares of common stock issued in connection with mergers or acquisitions completed in the ordinary course of business by MDU Resources or its subsidiaries, which shares may not be resold in a public offering prior to the expiration of the aforementioned 45-day period.

None of the officers and directors of MDU Resources have entered into any similar lock-up agreement and may sell their shares of common stock at any time.

MDU Resources will indemnify the underwriter against certain liabilities, including liabilities under the Securities Act of 1933. If MDU Resources is unable to provide this indemnification, MDU Resources will contribute to payments the underwriter may be required to make in respect of those liabilities.

In connection with this offering, the underwriter may engage in activities that stabilize, maintain or otherwise affect the price of the common stock, including:

- stabilizing transactions;
- short sales;

60

- syndicate covering transactions;
- imposition of penalty bids; and
- purchases to cover positions created by short sales.

Stabilizing transactions involve making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriter of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriter's over-allotment option

referred to above, or may be "naked" shorts, which are short positions in excess of that amount.

The underwriter may close out any covered short position either by exercising its over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriter will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriter may purchase shares through the over-allotment option.

A naked short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased in this offering. To the extent that the underwriter create a naked short position, they will purchase shares in the open market to cover the position.

The underwriter may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the underwriter purchases common stock in the open market in stabilizing transactions or to cover short sales, the underwriter can require the selling group members that sold those shares as part of this offering to repay the concession received by them.

As a result of these activities, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriter commences these activities, it may discontinue them at any time. The underwriter may carry out these transactions on the New York Stock Exchange and the Pacific Exchange, in the over-the-counter-market or otherwise.

The underwriter does not expect sales to discretionary accounts to exceed five percent of the total number of shares of common stock offered by this prospectus supplement.

The underwriter and its affiliates have from time to time provided investment banking, financial advisory and lending services to MDU Resources and its affiliates in the ordinary course of business for which they have received customary fees, and they may continue to do so. In addition, affiliates of the underwriter are lenders under credit facilities with MDU Resources and its subsidiaries.

EXPERTS

MDU Resources' audited consolidated financial statements, which are incorporated in the accompanying prospectus by reference to MDU Resources' Annual Report on Form 10-K for the year ended December 31, 2001, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are incorporated therein in reliance upon such report and upon the authority of said firm as experts in accounting and auditing in giving said report.

67

Arthur Andersen's consent to the incorporation by reference of said report into the registration statement, of which the accompanying prospectus is a part, is dated March 2, 2002 and is filed as an exhibit to MDU Resources' Annual Report on Form 10-K. Since that time, Arthur Andersen has been indicted and convicted on federal charges of obstruction of justice arising from the federal government's investigation of Enron Corp. In August 2002, Arthur Andersen ceased performing auditing services worldwide. These events may materially and adversely affect the ability of Arthur Andersen to satisfy all of their existing and future obligations, including claims under the federal securities laws. Accordingly, the purchasers of common stock in this offering may be limited in their ability to recover damages from Arthur Andersen for any claims that may arise out of Arthur Andersen's audit of MDU Resources' financial statements.

In addition to the existing registration statement mentioned above, MDU Resources recently filed a new registration statement pursuant to Rule 462(b) under the Securities Act of 1933 to register additional shares of common stock to be sold as a part of this offering. MDU Resources was unable to obtain the consent of Arthur Andersen to the incorporation by reference of their report on said audited financial statements into the new registration statement. As a result of Arthur Andersen not having provided such consent, the purchasers of common stock in this offering may be further limited in their ability to seek remedies against Arthur Andersen with respect to their report, particularly those remedies arising under Section 11 of the Securities Act of 1933.

LEGAL MATTERS

The validity of the shares will be passed upon for MDU Resources by Lester H. Loble, II, Esq., General Counsel for MDU Resources, and also by Thelen Reid & Priest LLP, New York, New York. Certain legal matters relating to the shares will be passed upon for the underwriter by Shearman & Sterling, New York, New York.

PROSPECTUS

4,500,000 SHARES
MDU RESOURCES GROUP, INC.
COMMON STOCK

MDU Resources Group, Inc. may issue and sell from time to time authorized but unissued shares of its common stock, together with attached preference share purchase rights (collectively, common stock).

MDU Resources will provide specific information regarding its common stock, including the number of shares of its common stock to be sold and the offering price, in supplements to this prospectus. The supplements may also add, update or change information contained in this prospectus. The names of any underwriters or agents will be stated in an accompanying prospectus supplement. You should read this prospectus and any supplements carefully before you invest.

MDU Resources' common stock is listed on the New York Stock Exchange and the Pacific Exchange under the symbol "MDU." Any common stock sold pursuant to this offering will be listed on the New York Stock Exchange and the Pacific Exchange.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The principal executive offices of MDU Resources are located at MDU Resources Group, Inc., Schuchart Building, 918 East Divide Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, and its telephone number is (701) 222-7900.

MDU Resources may offer the common stock directly or through agents, underwriters or dealers. If an agent of MDU Resources or any underwriter is involved in the sale of any common stock in respect of which this prospectus is being delivered, the names of those agents or underwriters, any applicable discounts, commissions or allowances and a description of any indemnification

arrangements will be set forth in a prospectus supplement. The "Plan of Distribution" section on page 10 of this prospectus provides more information on the topic.

The date of this Prospectus is November 19, 2002.

TABLE OF CONTENTS

	Page
FORWARD-LOOKING STATEMENTS	3
WHERE YOU CAN FIND MORE INFORMATION ABOUT MDU RESOURCES	3
MDU RESOURCES GROUP, INC.	5
USE OF PROCEEDS	6
DESCRIPTION OF COMMON STOCK	6
PLAN OF DISTRIBUTION	13
EXPERTS	14
LEGAL OPINIONS	14

FORWARD-LOOKING STATEMENTS

This document and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are all statements other than statements of historical fact, including without limitation those statements that are identified by the words anticipates, estimates, expects, intends, plans and predicts. These statements are based on assumptions that MDU Resources believes are reasonable, but are subject to a wide range of factors and circumstances that may materially affect anticipated revenues, costs and future performance. These include, for example, changes in natural gas and oil commodity prices, drilling successes in natural gas and oil operations, prevailing governmental policies and regulatory actions, political and economic conditions, the effects of competition, changes in currency rates in foreign countries where MDU Resources does business, the level of governmental expenditures on public projects, changes in and compliance with environmental and safety laws and policies, weather conditions, unanticipated changes in operating expenses or capital expenditures, changes in credit ratings or capital market conditions and the ability effectively to integrate the operations of acquired companies. No assurance can be given by MDU Resources that actual results will not differ from those in the forward-looking statements contained herein and in the incorporated documents. For a discussion of other factors that may affect forward-looking statements contained herein or in the incorporated documents, see MDU Resources' latest Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q.

WHERE YOU CAN FIND MORE INFORMATION ABOUT MDU RESOURCES

MDU Resources files annual, quarterly and other reports and other information with the Securities and Exchange Commission. You can read and copy any information filed by MDU Resources with the Securities and Exchange Commission at the Securities and Exchange Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can obtain additional information about the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330.

In addition, the Securities and Exchange Commission maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Securities and Exchange Commission, including MDU Resources.

The Securities and Exchange Commission allows MDU Resources to "incorporate by reference" the information that MDU Resources files with the Securities and Exchange Commission which means that MDU Resources may disclose important information to you by referring you to those documents in this prospectus. The information incorporated by reference is an important part of this prospectus. MDU Resources is incorporating by reference the documents listed below and any

69

future filings MDU Resources makes with the Securities and Exchange Commission under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (other than any information furnished pursuant to Item 9 of Form 8-K) until MDU Resources terminates this offering. Any of those future filings will update, supersede and replace the information contained in any documents incorporated by

reference in this prospectus at the time of the future filings.

1. MDU Resources' Annual Report on Form 10-K for the year ended December 31, 2001 (including portions of the Annual Report to Stockholders);

2. MDU Resources' Quarterly Reports on Form 10-Q for the quarters ended March 31, 2002, June 30, 2002 and September 30, 2002;

3. MDU Resources' Registration Statement on Form 8-A dated November 12, 1998 and Amendment No. 1 thereto, dated March 23, 2000; and

4. MDU Resources' Current Reports on Form 8-K, dated January 24, 2002, February 14, 2002, March 25, 2002, April 23, 2002, July 24, 2002, October 22, 2002, November 1, 2002 and November 18, 2002.

You may request a copy of these documents, at no cost to you, by writing or calling Office of the Treasurer, MDU Resources Group, Inc., Schuchart Building, 918 East Divide Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, telephone (701) 222-7900.

You should rely only on the information contained in, or incorporated by reference in, this prospectus and the prospectus supplement. MDU Resources has not, and any underwriters, agents or dealers have not, authorized anyone else to provide you with different information. MDU Resources is not, and any underwriters, agents or dealers are not, making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus and the prospectus supplement is accurate as of any date other than the date on the front of the prospectus supplement or that the information incorporated by reference in this prospectus is accurate as of any date other than the date on the front of those documents.

The consolidated financial statements of MDU Resources for the year ended December 31, 2001, incorporated herein by reference were audited by Arthur Andersen LLP. Upon the recommendations of the audit committee, the MDU Resources Board of Directors, in February 2002, approved the dismissal of Arthur Andersen LLP as MDU Resources' independent public accountants following the 2001 audit and, in March 2002, approved the selection of Deloitte & Touche LLP as independent public accountants for the 2002 fiscal year. Deloitte & Touche LLP is not performing a re-audit of the consolidated financial statements of MDU Resources as of and for the years ended December 31, 2001 and December 31, 2000.

MDU RESOURCES GROUP, INC.

MDU Resources is a diversified natural resource company which was incorporated under the laws of the State of Delaware in 1924. Its principal executive offices are at the Schuchart Building, 918 East Divide Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650, telephone (701) 222-7900.

Montana-Dakota Utilities Co., a public utility division of MDU Resources, through the electric and natural gas distribution segments, generates, transmits and distributes electricity and distributes natural gas in the northern Great Plains. Great Plains Natural Gas Co., another public utility division of MDU Resources, distributes natural gas in southeastern North Dakota and western Minnesota. These operations also supply related value-added products and services.

MDU Resources, through its wholly owned subsidiary, Centennial Energy Holdings, Inc., owns WBI Holdings, Inc., Knife River Corporation, Utility Services, Inc. and Centennial Holdings Capital Corp.

WBI Holdings is comprised of the pipeline and energy services and the natural gas and oil production segments. The pipeline and energy services segment provides natural gas transportation, underground storage and gathering services through regulated and nonregulated pipeline systems primarily in the Rocky Mountain and northern Great Plains regions of the United States and provides energy-related marketing and management services, as well as cable and pipeline locating services. The natural gas and oil production segment is engaged in natural gas and oil acquisition, exploration and production activities primarily in the Rocky Mountain region of the United States and in the Gulf of Mexico.

Knife River mines aggregates and markets crushed stone, sand, gravel and other related construction materials, including ready-mixed concrete, cement and asphalt, as well as value-added products and services in the north central and western United States, including Alaska and Hawaii.

Utility Services is a diversified infrastructure company specializing in engineering, design and build capability for electric, gas and telecommunication utility construction, as well as industrial and commercial electrical, exterior lighting and traffic signalization throughout most of the United States. Utility Services also provides related specialty equipment manufacturing, sales and rental services.

Centennial Capital invests in new growth and synergistic opportunities, including independent power production, which are not directly being pursued by the existing business units but which are consistent with MDU Resources' philosophy and growth strategy. These activities are reflected in the pipeline and energy services segment.

MDU Resources, through its wholly owned subsidiary, MDU Resources International, Inc., invests in projects outside the United States which are consistent with the MDU Resources' philosophy, growth strategy and areas of expertise. These activities are reflected in the pipeline and energy services segment.

USE OF PROCEEDS

Except as may otherwise be set forth in the prospectus supplement, the net proceeds from the sale of the common stock may be used for the refunding of outstanding debt obligations, for corporate development purposes (including the potential acquisition of businesses and/or business assets), and for other general business purposes.

DESCRIPTION OF COMMON STOCK

COMMON STOCK - GENERAL

The following is a description of MDU Resources' common stock. This description is not complete, and MDU Resources qualifies this description by referring to its restated certificate of incorporation, amended bylaws, indenture of mortgage, all of which MDU Resources incorporates herein by reference, and the laws of the state of Delaware. MDU Resources also refers to the rights agreement, dated as of November 12, 1998, between MDU Resources and Wells Fargo Bank Minnesota, N.A., as rights agent, that MDU Resources incorporates herein by reference.

MDU Resources' restated certificate of incorporation authorizes it to issue 252,000,000 shares of stock, divided into four classes:

- 500,000 shares of preferred stock, $100 par value;
- 1,000,000 shares of preferred stock A, without par value;
- 500,000 shares of preference stock, without par value; and
- 250,000,000 shares of common stock, $1.00 par value.

DIVIDEND RIGHTS

Under its restated certificate of incorporation, MDU Resources may declare

and pay dividends on its common stock, out of its surplus or net profits, only if it has paid or provided for full cumulative dividends on all outstanding shares of its preferred and preference stock. As of November 19, 2002, MDU Resources has no preference stock outstanding.

In addition to these provisions, MDU Resources' first mortgage bond indenture includes a covenant generally to the effect that MDU Resources may declare and pay dividends in cash or property on its common stock only either (1) out of its "surplus" or (2) in case there is no "surplus," out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. For purposes of this test, "surplus" means the excess of MDU Resources' net assets over its "capital"; and "capital" means that part of the consideration received by MDU Resources for any of its shares of common stock which has been determined to be "capital."

VOTING RIGHTS

MDU Resources' common stock has one vote per share. The holders of MDU Resources' common stock are entitled to vote on all matters to be voted on by stockholders. The holders of MDU Resources' common stock do not have cumulative voting rights.

The holders of the preferred stock, preferred stock A and preference stock do not have the right to vote, except as MDU Resources' board of directors establishes or as provided in MDU Resources' restated certificate of incorporation or bylaws or as determined by state law.

The restated certificate of incorporation gives the holders of the preferred stock and the preferred stock A, or the preference stock, the right to vote if dividends are unpaid, in whole or in part, on their shares for one year. The holders have one vote per share until MDU Resources pays the dividend arrearage, declares dividends for the current dividend period and sets aside the funds to pay the current dividends. In addition, the holders of certain series of the preferred stock and preferred stock A, and/or the holders of the preference stock, must approve certain amendments to the restated certificate of incorporation.

LIQUIDATION RIGHTS

If MDU Resources should liquidate, the holders of the preferred stock, preferred stock A and the preference stock have the right to receive certain amounts, as set forth in its restated certificate of incorporation, before MDU Resources can make any payments to the holders of its common stock. After the preferred and preference stock payments are made, the holders of MDU Resources' common stock are entitled to share in all its remaining assets available for distribution to stockholders.

OTHER RIGHTS

MDU Resources' common stock is not liable to further calls or assessment. The holders of MDU Resources' common stock have no preemptive rights. MDU Resources' common stock cannot be redeemed, and it does not have any conversion rights or sinking fund provisions.

EFFECTS ON MDU RESOURCES' COMMON STOCK IF IT ISSUES PREFERRED OR PREFERENCE STOCK

MDU Resources' board of directors has the authority, without further action by the stockholders, to issue up to 500,000 shares of preferred stock, 1,000,000 shares of preferred stock A and 500,000 shares of preference stock, each in one or more series. The board of directors has the authority to determine the terms of each series of any preferred or preference stock, within the limits of the restated certificate of incorporation and the laws of the state of Delaware. These terms include the number of shares in a series, dividend rights, liquidation preferences, terms of redemption, conversion rights and voting rights.

If MDU Resources issues any preferred or preference stock, it may negatively affect the holders of its common stock. These possible negative effects include diluting the voting power of shares of its common stock and affecting the market price of its common stock. In addition, the ability of its

72

board of directors to issue preferred or preference stock may delay or prevent a change in control of MDU Resources.

There are 164,000 shares of preferred stock currently outstanding, and MDU Resources has reserved 125,000 shares of Series B preference stock for issuance in connection with its rights plan.

PROVISIONS OF MDU RESOURCES' RESTATED CERTIFICATE OF INCORPORATION AND ITS BYLAWS THAT COULD DELAY OR PREVENT A CHANGE IN CONTROL

MDU Resources' restated certificate of incorporation and bylaws contain certain provisions which will make it difficult to obtain control of MDU Resources if the board of directors does not approve the transaction. The provisions include the following:

PROVISIONS RELATING TO MDU RESOURCES' BOARD OF DIRECTORS

CLASSIFIED BOARD

MDU Resources has divided the members of its board of directors into three classes as nearly equal in number as may be. Directors in each class are elected for a three-year term.

This classification of the board of directors may prevent stockholders from changing the membership of the entire board of directors in a relatively short period of time. At least two annual meetings, instead of one, generally will be required to change the majority of directors. The classified board provisions could have the effect of prolonging the time required for a stockholder with significant voting power to gain majority representation on the board of directors. Where majority or supermajority board of directors approval is necessary for a transaction, such as an interested stockholder business combination, the inability immediately to gain majority representation on the board of directors could discourage takeovers and tender offers.

NUMBER OF DIRECTORS, VACANCIES, REMOVAL OF DIRECTORS

The restated certificate of incorporation provides that the board of directors will have at least six and at most 15 directors. Two-thirds of the continuing directors decide the exact number of directors at a given time. The board fills any new directorships it creates and any vacancies.

Directors may be removed only for cause and then only by a majority of the shares entitled to vote.

MEETINGS OF STOCKHOLDERS

NO CUMULATIVE VOTING

The restated certificate of incorporation does not provide for cumulative voting.

ADVANCE NOTICE PROVISIONS

The bylaws require that for a stockholder to nominate a director or bring other business before an annual meeting, the stockholder must give notice not less than 120 days prior to the date corresponding to the date on which MDU

Resources first mailed its proxy materials for the prior year's annual meeting.

The restated certificate of incorporation prevents stockholders from calling a special meeting. In addition, the restated certificate of incorporation provides that stockholder action may be taken only at a stockholders' meeting.

AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION

The restated certificate of incorporation requires the affirmative vote of 80% of the common stock entitled to vote in order to amend certain provisions, including provisions relating to the board of directors, unless two-thirds of the continuing directors approve such amendment.

PROVISIONS RELATING TO THE AUTHORIZATION OF CERTAIN BUSINESS COMBINATIONS

The restated certificate of incorporation requires the affirmative vote of 80% of the common stock entitled to vote for directors in order to authorize certain business combinations. Any business combination must also meet certain fair price and procedural requirements. However, if two-thirds of the continuing directors approve the business combination, then the vote of 80% of the common stock and the fair price provisions will not be required.

There is also a provision permitting the board of directors to consider certain specified factors in determining whether or not to approve certain business combinations.

PROVISIONS OF DELAWARE LAW THAT COULD DELAY OR PREVENT A CHANGE IN CONTROL

MDU Resources is subject to the provisions of Section 203 of the General Corporation Law of Delaware. Subject to certain exceptions, this law prohibits it from engaging in certain business combinations with a person who owns 15% or more of its outstanding voting stock for a three-year period after the person acquires the stock. This prohibition does not apply if its board of directors approved of the business combination or the acquisition of its stock before the person acquired 15% of the stock. A business combination includes mergers, consolidations, stock sales, asset sales and other transactions resulting in a financial benefit to the interested stockholder.

TRANSFER AGENT; REGISTRAR

The transfer agent and registrar for the common stock is Wells Fargo Bank Minnesota, N.A., South Saint Paul, Minnesota.

RIGHTS - GENERAL

On November 12, 1998, the board of directors declared a dividend of one preference share purchase right for each outstanding share of common stock, par value $1.00 per share. The dividend was paid on December 1, 1998 to the stockholders of record on that date.

MDU Resources' board of directors has adopted a rights agreement to protect stockholders from coercive or otherwise unfair takeover tactics. In general terms, it works by imposing a significant penalty upon any person or group which

acquires 15% or more of its outstanding common stock without the approval of the board of directors. The rights agreement should not interfere with any merger or other business combination approved by its board of directors.

For those interested in the specific terms of the rights agreement between MDU Resources and Wells Fargo Bank Minnesota, N.A., as the rights agent, dated as of November 12, 1998, MDU Resources provides the following summary description. Please note, however, that this description is only a summary, and is not complete, and should be read together with the entire rights agreement, a copy of which is available free of charge from MDU Resources.

THE RIGHTS. MDU Resources' board of directors authorized the issuance of a preference share purchase right with respect to each issued and outstanding share of common stock on December 1, 1998. The preference share purchase rights will initially trade with, and will be inseparable from, the common stock. The preference share purchase rights are evidenced only by certificates that represent shares of common stock. New preference share purchase rights will accompany any new shares of common stock MDU Resources issues after December 1, 1998 until the distribution date described below.

EXERCISE PRICE. Each preference share purchase right will allow its holder to purchase from MDU Resources one one-thousandth of a share of Series B preference stock for $125, once the preference share purchase rights become exercisable. This portion of a share of Series B preference stock will give the

stockholder approximately the same dividend and liquidation rights as would one share of common stock. Prior to exercise, the preference share purchase right does not give its holder any dividend, voting, or liquidation rights.

EXERCISABILITY. The preference share purchase rights will not be exercisable until

- 10 days after the public announcement that a person or group has become an "acquiring person" by obtaining beneficial ownership of 15% or more of MDU Resources' outstanding common stock, or, if earlier,

- 10 business days (or a later date determined by MDU Resources' board of directors before any person or group becomes an acquiring person) after a person or group begins a tender or exchange offer which, if consummated, would result in that person or group becoming an acquiring person.

MDU Resources refers to the date when the preference share purchase rights become exercisable as the "distribution date." Until that date, the common stock certificates will also evidence the preference share purchase rights, and any transfer of shares of common stock will constitute a transfer of preference share purchase rights. After that date, the preference share purchase rights will separate from the common stock and be evidenced by book-entry credits or by preference share purchase rights certificates that MDU Resources will mail to all eligible holders of common stock. Any preference share purchase rights held by an acquiring person are void and may not be exercised.

MDU Resources' board of directors may reduce the threshold at which a person or group becomes an acquiring person from 15% to not less than 10% of the outstanding common stock.

CONSEQUENCES OF A PERSON OR GROUP BECOMING AN ACQUIRING PERSON.

- FLIP IN. If a person or group becomes an acquiring person, all holders of preference share purchase rights except the acquiring person may, for $125, purchase shares of MDU Resources' common stock with a market value of $250, based on the market price of the common stock prior to such acquisition.

- FLIP OVER. If MDU Resources is later acquired in a merger or similar transaction after the "preference share purchase rights distribution date," all holders of preference share purchase rights except the acquiring person may, for $125, purchase shares of the acquiring corporation with a market value of $250, based on the market price of the acquiring corporation's stock prior to such merger.

PREFERENCE SHARE PROVISIONS.

Each one one-thousandth of a share of Series B preference stock, if issued:

- will not be redeemable.

- will entitle holders to quarterly dividend payments of $.001 per share, or an amount equal to the dividend paid on one share of common stock, whichever is greater.

- will entitle holders upon liquidation either to receive $1.00 per share or an amount equal to the payment made on one share of common stock, whichever is greater.

- will have no voting power, except as otherwise provided by Delaware law or MDU Resources' restated certificate of incorporation.

- will entitle holders to a per share payment equal to the payment made on one share of common stock, if shares of MDU Resources' common stock are exchanged via merger, consolidation, or a similar transaction.

The value of one one-thousandth interest in a share of Series B preference stock should approximate the value of one share of common stock.

EXPIRATION. The preference share purchase rights will expire on December

31, 2008.

REDEMPTION. MDU Resources' board of directors may redeem the preference share purchase rights for $.01 per preference share purchase right at any time before any person or group becomes an acquiring person. If the board of directors redeems any preference share purchase rights, it must redeem all of the preference share purchase rights. Once the preference share purchase rights are redeemed, the only right of the holders of preference share purchase rights will be to receive the redemption price of $.01 per preference share purchase right. The redemption price will be adjusted if MDU Resources has a stock split

or stock dividends of MDU Resources' common stock.

EXCHANGE. After a person or group becomes an acquiring person, but before an acquiring person owns 50% or more of MDU Resources' outstanding common stock, MDU Resources' board of directors may extinguish the preference share purchase rights by exchanging one share of common stock or an equivalent security for each such preference share purchase right, other than preference share purchase rights held by the acquiring person.

ANTI-DILUTION PROVISIONS. MDU Resources' board of directors may adjust the purchase price of a share of Series B preference stock, the number of shares of Series B preference stock issuable and the number of outstanding preference shares purchase rights to prevent dilution that may occur from a stock dividend, a stock split, a reclassification of the Series B preference stock or common stock. No adjustments to the exercise price of less than 1% will be made.

AMENDMENTS. The terms of the rights agreement may be amended by MDU Resources' board of directors without the consent of the holders of the preference share purchase rights. However, the board of directors may not amend the rights agreement to lower the threshold at which a person or group becomes an acquiring person to below 10% of its outstanding common stock. In addition, the board of directors may not cause a person or group to become an acquiring person by lowering this threshold below the percentage interest that such person or group already owns. After a person or group becomes an acquiring person, the board of directors may not amend the agreement in a way that adversely affects holders of the preference share purchase rights.

PLAN OF DISTRIBUTION

MDU Resources may sell the common stock offered by this prospectus in one of four ways: (i) through the solicitation of proposals of underwriters or dealers to purchase the common stock, (ii) through underwriters or dealers on a negotiated basis, (iii) directly to a limited number of purchasers or to a single purchaser or (iv) through agents. The prospectus supplement with respect to the common stock will set forth the terms of the offering of the common stock, including the name or names of any underwriters, dealers or agents, the purchase price of the common stock and the net proceeds to MDU Resources from such sale, any underwriting discounts, agents' commissions and other items constituting underwriting compensation, any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

If underwriters are used in the sale, the common stock will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The common stock may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more underwriting firms. The underwriter or underwriters with respect to a particular underwritten offering of the common stock will be named in the prospectus supplement relating to such offering and, if an underwriting syndicate is used, the managing underwriter or underwriters will be set forth in the prospectus supplement. Unless otherwise set forth in the prospectus supplement, the

obligations of the underwriters to purchase the common stock will be subject to certain conditions precedent and the underwriters will be obligated to purchase all the common stock being offered if any is purchased. If a dealer is used in the sale, MDU Resources will sell the common stock to the dealer as principal. The dealer may then resell the common stock at varying prices determined at the time of resale.

The common stock may be sold directly by MDU Resources or through agents designated by MDU Resources from time to time. The applicable prospectus supplement will set forth the name of any agent involved in the offer or sale of the common stock and any commissions payable by MDU Resources to that agent. Unless otherwise indicated in the prospectus supplement, that agent will be acting on a reasonable best efforts basis for the period of its appointment.

If so indicated in the prospectus supplement with respect to the common stock, MDU Resources may authorize agents, underwriters or dealers to solicit offers by certain specified institutions to purchase the common stock from MDU Resources at the initial public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. The delayed delivery contracts will be subject to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth the commission payable for solicitation of the delayed delivery contracts.

Agents, underwriters and dealers may be entitled under agreements entered into with MDU Resources to indemnification by MDU Resources against certain civil liabilities, including certain liabilities under the Securities Act of 1933 or to contribution by MDU Resources with respect to payments which such agents, underwriters and dealers may be required to make in respect thereof.

EXPERTS

MDU Resources' audited consolidated financial statements incorporated in this prospectus by reference to MDU Resources' Annual Report on Form 10-K for the year ended December 31, 2001, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are incorporated herein in reliance upon such report and upon the authority of said firm as experts in accounting and auditing in giving said report.

LEGAL OPINIONS

The validity of the common stock has been passed upon for MDU Resources by Lester H. Loble, II, Esq., General Counsel for MDU Resources, and also by Thelen Reid & Priest LLP, 875 Third Avenue, New York, New York 10022.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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2,100,000 Shares

MDU RESOURCES GROUP, INC.

77

Common Stock

Prospectus Supplement

November 19, 2002

Banc of America Securities LLC

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(Back To Top)

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-099 RE: Marginal Cost of Service Study
Witness: Tamie A. Aberle

Please provide Exhibit No.__(TAA-3) in working electronic MS Excel format with all formulas and links intact, including all additional supporting worksheets that are linked to the exhibits.

Response:

Please see the enclosed CD file name MCC-099-Exhibit TAA-3 Marginal CCOS for the requested schedule in electronic spreadsheet format.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-100 RE: Exhibit No. __ (TAA-1)
Witness: Tamie A. Aberle

Please provide Exhibit No.__(TAA-1) in working electronic MS Excel format with all formulas and links intact, including all additional supporting worksheets that are linked to the exhibits, for the following:

a. The exhibit, as filed.

b. With pro forma gas costs excluded from revenues.

Response:

a. Please see Attachment A, Page 1 and the enclosed CD file name MCC-100.TAA-1.xlsx for the requested schedule in electronic spreadsheet format identified as TAA-1 Page 1.Int and TAA-1 Page 2. Please note Exhibit No. TAA, Page 1 as filed contained an error in the column labeled "Total Proposed Interim Revenue". This has been corrected in this response.
b. Please see Attachment A, Pages 2-3 and the enclosed CD file name MCC-100.TAA-1.xlsx worksheets identified as TAA-1 Page 1.Int(ExcludeCOG) and TAA-1 Page 2 (Exclude COG) in electronic format.

MONTANA-DAKOTA UTILITIES CO.
REVENUES UNDER INTERIM RATES
GAS UTILITY - MONTANA
Revised Pro Forma 2012

Customer Class/Rate	Pro Forma 1/ Customers	Pro Forma 1/ Dk	Pro Forma 1/ Revenue	Total Proposed Interim Revenue 1/	Proposed Interim Revenue Increase	Percent Increase
Residential - Rate 60	70,161	6,097,461	$35,729,916	$36,827,776	$1,097,860	3.1%
Firm General Service - Rates 70 & 72	8,700	3,813,826	21,256,783	21,845,345	588,562	2.8%
Small Interruptible						
Sales - Rate 71	9	218,586	804,782	804,782		
Transport - Rates 81	35	686,293	582,729	582,729		
Total Small Interruptible	44	904,879	1,387,511	1,387,511	0	0.0%
Large Interruptible						
Sales - Rate 85	0	0	0	0		
Transport - Rate 82	5	4,197,933	548,804	548,804		
Total Large Interruptible	5	4,197,933	548,804	548,804	0	0.0%
Total Montana	78,910	15,014,099	$58,923,014	$60,609,436	$1,686,422	2.9%

1/ Rule 38.5.177, Statement M, Page 1.

MONTANA-DAKOTA UTILITIES CO.
REVENUES UNDER INTERIM RATES EXCLUDING COST OF GAS
GAS UTILITY - MONTANA
Revised Pro Forma 2012

	Pro Forma 1/					
Customer Class/Rate	Customers	Dk	Distribution Revenue	Total Proposed Interim Distribution Revenue 1/	Proposed Interim Revenue Increase	Percent Increase
Residential - Rate 60	70,161	6,097,461	$12,212,009	$13,309,869	$1,097,860	9.0%
Firm General Service - Rates 70 & 72	8,700	3,813,826	6,546,856	7,135,418	588,562	9.0%
Small Interruptible						
Sales - Rate 71	9	218,586	175,691	175,691		
Transport - Rates 81	35	686,293	582,729	582,729		
Total Small Interruptible	44	904,879	758,420	758,420	0	0.0%
Large Interruptible						
Sales - Rate 85	0	0	0	0		
Transport - Rate 82	5	4,197,933	548,804	548,804		
Total Large Interruptible	5	4,197,933	548,804	548,804	0	0.0%
Total Montana	78,910	15,014,099	$20,066,089	$21,752,511	$1,686,422	8.4%

1/ Rule 38.5.177, Statement M, Page 1, excluding cost of gas.

MONTANA-DAKOTA UTILITIES CO.
REVENUES UNDER CURRENT AND PROPOSED RATES EXCLUDING COST OF GAS
GAS UTILITY - MONTANA
Pro Forma 2012

Customer Class/Rate	Pro Forma 1/ Customers	Pro Forma 1/ Dk	Pro Forma 1/ Distribution Revenue	Total Proposed Distribution Revenue 2/	Proposed Revenue Increase	Percent Increase
Residential - Rate 60	70,161	6,097,461	$12,212,009	$15,048,334	$2,836,325	23.2%
Firm General Service - Rates 70 & 72	8,700	3,813,826	6,546,856	7,141,282	594,426	9.1%
Small Interruptible						
Sales - Rate 71	9	218,586	175,691			
Transport - Rates 81	35	686,293	582,729			
Total Small Interruptible	44	904,879	758,420	777,581	19,161	2.5%
Large Interruptible						
Sales - Rate 85	0	0	0			
Transport - Rate 82	5	4,197,933	548,804			
Total Large Interruptible	5	4,197,933	548,804	556,304	7,500	1.4%
Total Montana	78,910	15,014,099	$20,066,089	$23,523,501	$3,457,412	17.2%

1/ Rule 38.5.164, Statement H, Page 3, excluding cost of gas.
2/ Rule 38.5.177, Statement M, Page 2, excluding cost of gas.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-101 RE: Exhibit No. __ (TAA-2)
Witness: Tamie A. Aberle

Please provide Exhibit No.__(TAA-2) in working electronic MS Excel format with all formulas and links intact, including all additional supporting worksheets that are linked to the exhibits, for the following:

a. The exhibit, as filed.

b. With pro forma gas costs excluded from rates.

Response:

a. Please see the enclosed CD file name MCC-101.TAA-2.xlsx worksheets identified as Bill Comp-60 and Bill Comp-70 and Bill Comp-70 Large meters in electronic spreadsheet format.
b. Please see Attachment A and the enclosed CD file name MCC-101.TAA-2.xlsx. worksheets identified as Bill Comp-60 No COG and Bill Comp-70 No COG and Bill Comp – 70 Large No COG in electronic format.

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - MONTANA
RATE 60 BILL COMPARISON
RESIDENTIAL GAS SERVICE

Month	Dk	Excluding the Cost of Gas Present Rate	Proposed Rate	Amount of Increase	% Increase
January	15	$23.24	$25.61	$2.37	10.20%
February	14	22.11	24.61	2.50	11.31%
March	11	18.74	21.62	2.88	15.37%
April	8	15.36	18.62	3.26	21.22%
May	5	11.98	15.63	3.65	30.47%
June	3	9.73	13.63	3.90	40.08%
July	2	8.60	12.64	4.04	46.98%
August	2	8.60	12.64	4.04	46.98%
September	2	8.60	12.64	4.04	46.98%
October	4	10.85	14.63	3.78	34.84%
November	8	15.36	18.62	3.26	21.22%
December	12	19.86	22.62	2.76	13.90%
Total	86	$173.03	$213.51	$40.48	23.39%

Average Increase per Month $3.37

RATE 60	Current 1/	Proposed 2/
Basic Delivery Charge	$6.35	$10.64
Distribution Delivery	$1.126	$0.998
Cost of Gas	0.000	$0.000

1/ Distribution rates effective November 1, 2009 Docket No. D2009.9.123 and Docket No. D2009.9.124 and weighted cost of gas for 2011.

2/ Cost of gas equals weighted cost of gas for 2011.

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - MONTANA
RATE 70 BILL COMPARISON
FIRM GENERAL GAS SERVICE (< 500 Cubic Feet Per Hour Meters)

Month	Dk	Excluding the Cost of Gas Present Rate	Proposed Rate	Amount of Increase	% Increase
January	33	$55.05	$60.24	$5.19	9.43%
February	29	49.64	54.41	4.77	9.61%
March	23	41.52	45.67	4.15	10.00%
April	17	33.40	36.93	3.53	10.57%
May	9	22.58	25.27	2.69	11.91%
June	4	15.81	17.99	2.18	13.79%
July	2	13.11	15.07	1.96	14.95%
August	1	11.75	13.62	1.87	15.91%
September	2	13.11	15.07	1.96	14.95%
October	7	19.87	22.36	2.49	12.53%
November	16	32.05	35.47	3.42	10.67%
December	26	45.58	50.04	4.46	9.78%
Total	169	$353.47	$392.14	$38.67	10.94%

RATE 70	Current 1/	Proposed 2/
Basic Delivery Charge	$10.40	$12.16
Distribution Delivery	$1.353	$1.457
Cost of Gas	0.000	$0.000

1/ Distribution rates effective November 1, 2009 Docket No. D2009.9.123 and Docket No. D2009.9.124 and weighted cost of gas for 2011.
2/ Cost of gas equals weighted cost of gas for 2011.

MONTANA-DAKOTA UTILITIES CO.
GAS UTILITY - MONTANA
RATE 70 BILL COMPARISON
FIRM GENERAL GAS SERVICE (> 500 Cubic Feet Per Hour Meters)

MONTH	DK	EXCLUDING COST OF GAS PRESENT RATE	PROPOSED RATE	AMOUNT OF INCREASE	% INCREASE
January	216	$314.30	$339.03	$24.73	7.87%
February	194	284.53	306.98	22.45	7.89%
March	158	235.82	254.53	18.71	7.93%
April	121	185.76	200.62	14.86	8.00%
May	75	123.53	133.60	10.07	8.15%
June	41	77.52	84.06	6.54	8.44%
July	30	62.64	68.03	5.39	8.60%
August	27	58.58	63.66	5.08	8.67%
September	33	66.70	72.40	5.70	8.55%
October	61	104.58	113.20	8.62	8.24%
November	112	173.59	187.50	13.91	8.01%
December	176	260.18	280.75	20.57	7.91%
Total	1,244	$1,947.73	$2,104.36	$156.63	8.04%

RATE 70	Current 1/	Proposed 2/
Basic Delivery Charge	$22.05	$24.32
Distribution Delivery	$1.353	$1.457
Cost of Gas	0.000	$0.000

1/ Distribution rates effective November 1, 2009 Docket No. D2009.9.123 and Docket No. D2009.9.124 and weighted cost of gas for 2011.
2/ Cost of gas equals weighted cost of gas for 2011.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-103 RE: Statement L
Witness: Tamie A. Aberle

Please provide a working electronic copy in MS Excel of all Schedules of Statement L, Embedded Class Cost of Service Study, with all formulas and links intact, including all supporting spreadsheets and work papers.

Response:

Please see the enclosed CD for the requested schedule in electronic spreadsheet format and the Statement and Exhibit Workpapers.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-104 RE: Statement L
Witness: Tamie A. Aberle

Are all of the gas quantity figures shown in Statement L, Schedule L-3, in Dk? If not, please identify those that are not and state the applicable average heat content in MMBtu per Mcf.

Response:

Yes all gas quantity figures are DK volumes.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-107 **RE: Statement L**
Witness: Tamie A. Aberle

For Total Montana and for each class shown at Statement L, Schedule L-3, please explain the differences shown there between the following class allocators:

a. 1-Day Peak

b. Peak Day @ Distribution

Response:

Factor No. 5 Peak Day @ Distribution is equal to Factor No. 2, 1-Day Peak less the peak day transmission level customers. A transmission level customer is a customer that is served directly off the intrastate pipeline via a service line, regulator and meter. The Company does not have distribution main or town border station investment in order to serve a transmission level customer.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-109 RE: Allocation Factor Report
Witness: Tamie A. Aberle

Please provide all data sources, work papers and supporting studies or documents used in developing each of the allocators listed on Schedule L-3 of Statement L of the Embedded Class Cost of Service Study.

Response:

Please see response MCC-103.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED NOVEMBER 30, 2012
DOCKET NO. D2012.9.100

MCC-111 RE: Total Weighted Customers Allocator
Witness: Tamie A. Aberle

In your testimony at page 7, lines 3-8, you state that Factor 10 is calculated by using weights that were applied to the number of customers in each rate class. Please provide all analyses, workpapers and calculations in MS excel form used in the development of each weight and the final Factor 10 allocator for each of the rate classes.

Response:

Please see Response MCC-103 and the Statement and Exhibit Workpapers, Statement L, Page L-27.

MONTANA-DAKOTA UTILITIES CO.
MONTANA CONSUMER COUNSEL
DATA REQUEST
DATED DECEMBER 6, 2012
DOCKET NO. D2012.9.100

MCC-133 RE: Billings landfill project
Witness - Morman

The testimony (page 6, lines15 - 16) indicates that "To date Montana-Dakota has invested approximately $11 million in the facility." What is the total revenue requirement impact of the Billings Landfill project reflected in the test year in this case? Please break down the revenue requirement impact by return on investment, depreciation expense, O&M expenses, other taxes and any other impact.

Response:

Please see Attachment A.

MONTANA-DAKOTA UTILITIES CO.
BILLINGS LANDFILL
GAS UTILITY - MONTANA
TWELVE MONTHS ENDING DECEMBER 31, 2011
PRO FORMA

Cost of Service	
Return	$229,512
O&M	197,729
Depreciation	103,537
Taxes Other	68,176
Income taxes 1/	100,248
Total cost of service	$699,202

1/ Calculation of income taxes.	
Return	229,512
Less interest	(75,242)
Net	154,270
Grossed up for Income taxes	254,518
Income Taxes	100,248

tax rate	39.3875%
	60.6125%
Interest	75,242

	Balance	Ratio	Cost	Weighted Cost
2011 Average				
Long Term Debt	$280,485,103	39.691%	6.846%	2.717%
Short Term Debt 1/	33,568,454	4.750%	1.399%	0.066%
Preferred Stock	15,350,000	2.172%	4.583%	0.100%
Common Equity	377,270,918	53.387%	10.500%	5.606%
Total	$706,674,475	100.000%		8.489%

MONTANA-DAKOTA UTILITIES CO.
BILLINGS LANDFILL
GAS UTILITY - MONTANA
TWELVE MONTHS ENDING DECEMBER 31, 2011
PRO FORMA

	Balance @ 12/31/10	Balance @ 12/31/11	Average Balance @ 12/31/11	Plant Additions	Balance @ 12/31/12	Average Balance @ 12/31/12
Plant in Service 1/	$2,972,781	$3,096,756	$3,034,769	$24,906	$3,121,662	$3,109,209
Accumulated Reserve 2/		101,594	50,797	829	102,423	102,009
Net Plant	$2,972,781	$2,995,162	$2,983,972	$25,735	$3,019,239	$3,007,200
Accumlated Deferred Inc. Taxes 3/	222,553	252,206	237,380	5,443	257,649	254,928
Net Plant	$2,750,228	$2,742,956	$2,746,592	$20,292	$2,761,590	$2,752,272

1/ Statement C, page 1.
2/ Statement D, page 1.
3/ Inlcuded in deferred income tax balances on Statement J, page 17.
4/ Plant addition on Statement C, page 3. DIT on Statement J, page 18.

MONTANA-DAKOTA UTILITIES CO.
BILLINGS LANDFILL
GAS UTILITY - MONTANA
TWELVE MONTHS ENDING DECEMBER 31, 2011
PRO FORMA

	Per Books	Pro forma Adjustment	Pro Forma
O&M			
Labor 1/	$28,149	$1,334	$29,483
Benefits 2/	7,848		7,848
Vehicles and Work Equipment 3/	940	(12)	928
Subcontract Labor 4/	3,553		3,553
Utilities 5/	151,590		151,590
Other 6/	4,327		4,327
Total O&M	$196,407	$1,322	$197,729
Depreciation 7/	101,594	1,943	103,537
Taxes other			
Ad valorem 8/	64,378	1,578	65,956
Payroll 9/	2,120	100	2,220
Total taxes other	66,498	1,678	68,176
Total Expenses	$364,499	$4,943	$369,442

1/ Statement G, page 4.
2/ Estimated based on ratio of benefits (excl. SISP) to labor. Statem 27.88%
3/ Statement G, page 6.
4/ Statement Workpapers, G, page 12, Resource 5200.
5/ Statement Workpapers, G, page 16, Resource 5640.
6/ All other expenses, Statement Workpapers, G, pages 9-24.
7/ Statement I, page 1.
8/ Statement K, page 1.
9/ Based on ratio of 2011 payroll taxes to labor.(Statement K Workpapers, page 10.