

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

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IN THE MATTER of the Application)	UTILITY DIVISION
of MDU RESOURCES GROUP, INC.)	
for Authorization for the Issuance of)	DOCKET NO. D97.8.139
\$45,000,000 of First Mortgage Bonds,)	
Secured Medium Term Notes, and/or)	DEFAULT ORDER NO. 6003
Senior Notes.)	

On August 4, MDU Resources Group, Inc. ("Applicant" or "Company") filed an application seeking authority to issue an aggregate of not to exceed \$45,000,000 principal amount of one or more series of its First Mortgage Bonds ("Bonds"), secured medium term notes, and/or senior notes secured by the Applicant's first mortgage bonds and containing a collateral release provision ("Senior Notes") prior to September 15, 1999. The application is filed pursuant to Title 69, Chapter 3, Part 5, MCA.

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

At a regular open session of the Montana Public Service Commission, held at its offices on August 25, 1997, there came before the Commission for final action the matters in this Docket, and the Commission, having fully considered the application and data and records pertaining thereto on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS OF FACT

1. Applicant is a corporation organized and existing under and by virtue of the laws of the State of Delaware and is qualified to transact business in the State of Montana.
2. Applicant is operating as a public utility as defined in § 69-3-101, MCA, and as such is engaged in furnishing electric and gas service in Montana.
3. The Commission has jurisdiction over the subject matter of said application under § 69-3-102, MCA.
4. The Bonds, or any secured medium term notes, would be issued pursuant to one or more supplemental indentures to the Mortgage and would be secured equally with the other First Mortgage Bonds of Applicant. The Senior Notes would be issued under an indenture (the "Senior Note Indenture") between the Applicant and a trustee to be named. The Senior Notes would be secured by one or more series of first mortgage bonds (the "Senior Note Mortgage Bonds") until the date that all of the Applicant's first mortgage bonds issued and outstanding under the Mortgage, other than the Senior Note Mortgage Bonds, have been retired (the "Release Date"). On the Release Date, the Senior Notes may cease to be secured by the Senior Note Mortgage Bonds, could become unsecured obligations of the Applicant, and would rank on parity with other unsecured senior indebtedness of the Applicant.
5. The price or prices, interest rate or rates, maturity or maturities, and sinking fund and redemption provisions, if any, have not yet been determined. The Bonds, secured medium term notes, and/or Senior Notes would be offered at a date or dates dependent upon market conditions.
6. The proceeds from the issuance of the Bonds, secured medium term notes, and/or Senior Notes will be used for the refunding of outstanding bonds, corporate development, and other general corporate purposes.
7. The transactions proposed by Applicant (a) are consistent with the public interest; (b) are for a purpose or purposes permitted under the laws of the State of Montana; (c) are necessary or appropriate for and consistent with

the proper performance by Applicant of service as a public utility; and (d) will not result in a situation in which the aggregate amount of the securities outstanding and proposed herein to be outstanding will exceed the fair value of the properties and business of the Applicant.

CONCLUSIONS OF LAW

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

ORDER

IT IS HEREBY ORDERED by the Commission:

1. The application of MDU Resources Group, Inc. for authority to issue not to exceed \$45,000,000 principal amount of one or more series of First Mortgage Bonds, secured medium term notes, and/or Senior Notes as proposed in the application is hereby approved and authority is granted. This authority is effective through September 30, 1999.
2. Neither the issuance of securities by Applicant pursuant to the provision of this Order nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any securities authorized, issued, assumed or guaranteed hereunder.
3. The approval of this application shall not be construed as precedent to prejudice any future action of this Commission.
4. Issuance of this Order does not constitute acceptance of Applicant's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

DONE IN OPEN SESSION at Helena, Montana this 25th day of August,
1997, by a vote of 4-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY McCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

BOB ROWE, Commissioner

ATTEST:

Ann Purcell
Acting Commission Secretary

(SEAL)

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