

DIVIDER

STATE OF NORTH DAKOTA

INFORMATION TECHNOLOGY DEPARTMENT

SFN 2053 (4-2002)

PU-07-270

**Montana-Dakota Utilities Co., a Division of MDU Re
US BioEnergy, Hankinson, ND**

Public Convenience & Nece

07

Filed 6/11/2007

Closed 1/4/2008



Public Service Commission

State of North Dakota

COMMISSIONERS

Susan E. Wefald, President
Kevin Cramer
Tony Clark

Executive Director
Illona A. Jeffcoat-Sacco

600 E. Boulevard Ave. Dept 408
Bismarck, North Dakota 58505-0480
web: www.nd.gov/psc
e-mail: ndpsc@nd.gov
TTY 800-366-6888 or 711
Fax 701-328-2410
Phone 701-328-2400

March 12, 2008

Mr. Daniel S. Kuntz
Associate General Counsel
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, North Dakota 58501

Mr. Donald R. Ball
Vice President – Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, North Dakota 58501

Re: Montana-Dakota Utilities Co./U.S. BioEnergy Jurisdictional Determination
Case No. PU-07-270

Gentlemen:

On July 23, 2007, Montana-Dakota Utilities Co, a Division of MDU Resources Group, Inc. ("MDU") Montana-Dakota Utilities Co., (MDU) requested a jurisdictional determination whether the pipeline from a tap on the Alliance Pipeline near Fairmont to a new US BioEnergy ethanol production facility near Hankinson, needed to be sited under N.D.C.C. Chapter 49-22.

N.D.C.C. section 49-22-07 provides that a transmission facility cannot be constructed without the operator obtaining a route permit from the Commission under the Energy Conversion and Transmission Facility Siting Act at Chapter 49-22. The provisions of this chapter apply only to "transmission" facilities and not "distribution" facilities.

On December 20, 2007, Commission staff ("staff") filed a memorandum setting forth staff's concerns regarding existing Commission policy regarding the definition of gas transmission lines. The Commission's policy adopted on June 4, 1985 determined that that natural gas distribution systems, farm tap pipelines, and return fuel lines used in devices and equipment for producing oil and gas are non-jurisdictional under Chapter 49-22.¹

¹ NDPSC Commission Meeting Minutes dated June 4, 1985.

Staff recommended that the June 4, 1985 policy be amended. Staff pointed out that the Siting Act does not exempt, pipelines operated at lower pressures, pipelines operated at lesser volumes, or shorter pipelines. Since the Siting Act defines transmission line to distinguish between transmission and gathering but does not define distribution systems, staff recommended the Commission use a definition consistent with the pipeline safety regulations at Code of Federal Regulations, Title 49, Part 192, Section 3 to distinguish between transmission and distribution systems. Under that definition a “[t]ransmission line means a pipeline, other than a gathering line, that: (1) Transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center; (2) operates at a hoop stress of 20 percent or more of SMYS; or (3) transports gas within a storage facility.”

Staff acknowledged the existence of the 1985 policy and recognized that MDU may have relied on precedent of the Prairielands and Fairmount jurisdictional determinations in proceeding with construction of the pipeline. Because of that, staff recommended that MDU only be required to prepare an environmental impact assessment that accounts for all factors considered by the Commission for determining whether a route permit should be issued under the Siting Act.

MDU argued that the Commission has consistently interpreted and applied the statute based on a functional use test in determining whether a pipeline is distribution or transmission. MDU's position is that any change in the current policy should be done through a legislative amendment, a rulemaking proceeding, or an adjudicative proceeding rather than a simple pronouncement by the Commission.

MDU also argued that federal safety standards do not provide a proper jurisdictional framework for siting policy purposes.

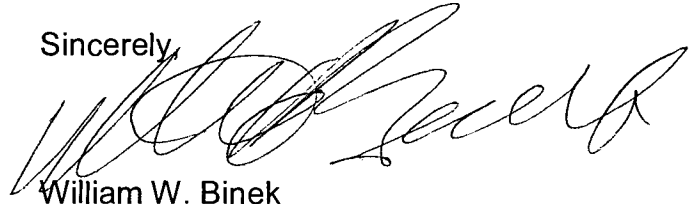
The Commission held an informal hearing on the request on January 16, 2008. The Commission also discussed the matter at its administrative meeting on March 12, 2008.

The Commission considered MDU's arguments in support of its position that the proposed pipeline is a distribution line and not a transmission line under the Commission's existing policy and under the Commission's precedent. The Commission concluded that the jurisdictional determination in this case should be made based upon the Commission's existing policy and precedent. Based on its existing policy and precedent, the Commission determined that it will not require siting of this line.

MDU should be aware that the line falls within the Commission's safety jurisdiction.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'William W. Binek', written in a cursive style.

William W. Binek
Chief Counsel

MEMORANDUM

TO: Commissioners Wefald, Cramer and Clark
FROM: Bill Binek and Pat Fahn
DATE: December 20, 2007
RE: Case No. PU-07-270, Request for Jurisdictional Determination

The Commission's July 25, 2007 Order in this proceeding granted MDU a Certificate of Public Convenience and Necessity to construct and operate facilities to extend natural gas services to US BioEnergy and approved MDU's transportation service agreement and transportation service rate to provide natural gas transportation service to US BioEnergy.

In the same proceeding, Montana-Dakota Utilities Co., (MDU) requested a jurisdictional determination whether the pipeline from a tap on the Alliance Pipeline near Fairmont to a new US BioEnergy ethanol production facility near Hankinson, needed to be sited under N.D.C.C. Chapter 49-22.

In mid-November we contacted Don Ball to relay staff's thoughts concerning the jurisdictional determination. At that time, Don Ball informed us that the line to US BioEnergy has been constructed, that the pipe would be pressure tested within a few days, and the line would be put in operation in January 2008. MDU has provided the following information concerning the line:

MDU

- Pipe: 16-mile, 6-inch natural gas
- Tap on Alliance Pipeline at 1400 psi
- MDU line operating pressure: 500 psi
- Transportation customers: only US BioEnergy

The Commission has had similar requests for jurisdictional determination by Prairielands Energy Marketing, Inc. and Fairmount Natural Gas Pipeline Company, LLC. The specific information known to staff about the Prairielands and Fairmount lines is:

Prairielands Energy Marketing, Inc.

- Pipe: natural gas
- Tap on Williston Basin Pipeline at 700 psi
- Prairielands line operating pressure: 700 psi
- Customers: only Archer Daniels Midland canola processing plant near Velva
- Determined by NDPSC as a distribution facility, June 16, 1994.

Fairmount Natural Gas Pipeline Company, LLC

17 PU-07-270

Pages: 10

Memo re Jurisdictional Determination

by Public Service Commission by Binek, Fahn
12/20/2007

- Pipe: 10.5-mile, 4.5-inch natural gas
- Tap on Alliance Pipeline, 1400 psi
- Fairmount line operating pressure: 500 psi
- Customers: only Tri-State Ethanol Company facility near Rosholt, South Dakota
- Determined by NDPSC as a distribution facility, October 24, 2001.

N.D.C.C. §49-22-07 provides that a transmission facility cannot be constructed without the operator obtaining a route permit from the Commission. The Commission has determined by policy that natural gas distribution systems, farm tap pipelines, and return fuel lines used in devices and equipment for producing oil and gas are non-jurisdictional under Chapter 49-22.¹ A copy of the Commission minutes adopting the policy is attached. The Commission, in its June 4, 1985 policy, stated “[t]hese systems, farm tap pipelines, distribution systems and return fuel lines transport gas. However, they are used for shorter distances at lower pressures and lesser volumes. They generally receive gas from transmission lines for consumption by the end user.”

The Siting Act does not define distribution systems, however, pipeline safety regulations at Code of Federal Regulations Title 49, Part 192, Section 3 provides a definition for transmission line. On June 6, 1996 the definition of transmission line was revised. Prior to October 1, 1996 transmission line was defined as “a pipeline, other than a gathering line, that: (1) Transports gas from a gathering line or storage facility to a distribution center or storage facility; (2) operates at a hoop stress of 20 percent or more SMYS; or (3) transports gas within a storage facility.” This definition was in effect at the time of the Commission’s jurisdictional determination for the Prairielands line. This was also the definition of transmission line that was quoted to the Commission in October 2001 in the request by Fairmount for its jurisdictional determination even though the definition had actually been changed in 1996.

The June 6, 1996 definition, which is still effective, is “[t]ransmission line means a pipeline, other than a gathering line, that: (1) Transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center; (2) operates at a hoop stress of 20 percent or more of SMYS; or (3) transports gas within a storage facility.” The new language is *“or large customer that is not down-stream from a distribution center.”*

US BioEnergy is a large customer that is not down-stream from a distribution center. In addition, Don Ball has indicated that the 500 psi operating pressure of the line will be a hoop stress of more than 20 percent of SMYS (specified minimum yield strength).

Staff recommends the June 4, 1985 policy be amended. The Siting Act does not exempt shorter pipelines. The Siting Act does not exempt pipelines operated at lower pressures. The Siting act does not exempt pipelines operated at lesser volumes. Since

¹ NDPSC Commission Meeting Minutes dated June 4, 1985.

the Siting Act defines transmission line to distinguish between transmission and gathering but does not define distribution systems, staff recommends the Commission use a definition consistent with the Part 192, Section 3 to distinguish between transmission and distribution systems. Under the 192.3 definition, a portion of pipeline referred to as a farm tap and does not serve a large volume customer and therefore is operated at a pressure less than 20% SMYS would still be classified as distribution. The return line exemption could be removed from the policy since staff is not clear about this type of line and the Commission has never received a filing for determination on a return line.

Concerning the pipeline to US BioEnergy, staff recommends that MDU be required to prepare an environmental impact assessment that accounts for all factors considered by the Commission for determining whether a route permit should be issued under the Siting Act.

Staff e-mailed a draft copy of a proposed jurisdictional memorandum as contained in the above paragraphs to MDU. On December 8, 2008, MDU sent an e-mail response which is attached. MDU states that it believes the Commission must respond to the jurisdictional determination request in accordance with the Commission's 1985 policy statement and historical precedent, and that reconsideration of the policy can only be done prospectively.

MDU cites N.D.C.C. §28-32-01(11) and Huber v. Jahner, 460 N.W.2d 717 (ND App. 1990) to support its argument that any change in the current policy should be done through a legislative amendment, a rulemaking proceeding, or an adjudicative proceeding rather than a simple pronouncement by the Commission.

Section 28-32-01(11) provides in part that “[r]ule’ means the whole or a part of an agency statement of general applicability which implements or prescribes law or policy or the organization, procedure, or practice requirements of the agency.” The 1985 policy was never promulgated as a rule. Rulemaking, legislative action or an adjudicative proceeding is not required for the adoption of a Commission policy. Therefore amending or revoking an existing policy should not require a rulemaking proceeding, a legislative enactment, or an adjudicative proceeding.

N.D.C.C. 28-32-01(11)(k) provides that the term “rule” does not include “[a]ny material, including a guideline, interpretive statement, statement of general policy, manual, brochure, or pamphlet, which is explanatory and not intended to have the force and effect of law.” The 1985 policy appears to be an interpretive statement that established a guideline for use by the Commission in making jurisdictional determinations which is evidenced by the statement in the policy that “the Commission is of the opinion that the mandate of the Legislature requiring the siting of transmission lines does not include these systems.”

MDU's reliance on Huber v. Jahner, 460 N.W.2d 717 (ND App. 1990) apparently is for the purpose of arguing that the Commission's 1985 policy constitutes "an agency statement of general applicability that implements . . . law." The Court concluded in that case that such guidelines "constitute a substantive rule which must be promulgated in accordance with Chapter 28-32, N.D.C.C., to have validity." Therefore under Huber, if the Commission's 1985 policy constitutes a statement of general applicability that implements law, the Commission's 1985 policy is invalid.

MDU states that the Commission has consistently interpreted and applied the statute based on a functional use test in determining that pipelines, like the US BioEnergy pipeline, serving an end user are distribution and not transmission pipelines. MDU, citing Capital Electric Cooperative, Inc. v. Public Service Commission, 534 N.W.2d 587 (N.D. 1995) states that "[t]he Commission's longstanding interpretation and application of this definition has been acquiesced in by the Legislature because the Legislature is presumed to know the construction of the statute by the Commission and the failure to amend the statute indicates legislative acquiescence." To the best of staff's knowledge, the only prior determinations made by the Commission were in the Prairielands and Fairmount pipelines matters. As noted previously, the Prairielands' determination was made prior to the important 1996 amendment to the federal Pipeline Safety Regulations that added "*large volume customer that is not down-stream from a distribution center*" in the definition of "transmission line." Furthermore, the definition of "transmission line" quoted in the request by Fairmount for its jurisdictional determination erroneously did not contain the "large volume customer" language that had been added to the rule in 1996. Staff suggests that this does not constitute any longstanding interpretation and application of the definition since in reality it was only applied in two prior instances under differing circumstances.

MDU also argues that federal safety standards do not provide a proper jurisdictional framework for siting policy purposes. MDU states that it is state law and not federal law that governs the Commission's jurisdiction. Staff notes that the Siting Act does not have a definition for distribution lines. Therefore, the Commission must look to other sources for a definition. The Commission has pipeline safety jurisdiction over intrastate pipelines, and the Commission adopts as a part of the North Dakota Administrative Code part 192 of the federal Pipeline Safety Regulations. Consequently, the federal definition of "transmission line" contained in Code of Federal Regulations Title 49, Part 192, Section 3 is already used by the Commission in its gas safety regulation and provides a good definition for use in siting.

Staff acknowledges the existence of the 1985 policy and also recognizes the fact that the pipeline has been constructed by MDU, and that MDU may have relied on precedent of the Prairielands and Fairmount jurisdictional determinations in proceeding with construction of the pipeline. That is why staff has not recommended that the Commission conduct a full siting proceeding in this case but rather that MDU only be required to prepare an environmental impact assessment that accounts the factors

considered by the Commission for determining whether a route permit should be issued under the Siting Act.



MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street

Bismarck, ND 58501

(701) 222-7900

To: Bill Binek
Pat Fahn
Illona Jeffcoat-Sacco

From: Dan Kuntz

Re: Siting Jurisdictional Determination

On behalf of Montana-Dakota Utilities Co., we appreciate the opportunity to submit the following comments to the draft memorandum you prepared to the Public Service Commissioners on the jurisdictional status under N.D.C.C. Chapter 49-22 of MDU's natural gas pipeline to serve the US BioEnergy facility near Hankinson, ND.

As recognized in the memorandum, based on the Commission's 1985 policy statement and application of that policy statement since that time with regard to at least the Prairielands and Fairmont lines, the pipeline to serve US BioEnergy is nonjurisdictional for siting purposes. We believe the Commission must respond to the jurisdictional determination request in accordance with the current policy statement and historical precedent. Although MDU respects your recommendation that the Commission reconsider its 1985 policy statement, that reconsideration can only be done prospectively and cannot be applied retroactively. As noted in your memorandum, the US BioEnergy line has already been constructed. Moreover, we believe that any change in the current policy should be done prospectively through a legislative amendment, a rulemaking proceeding, or at least an adjudicative proceeding rather than a simple pronouncement by the Commission. See N.D.C.C. § 28-32-01(11); Huber v. Jahner, 460 N.W.2d 717 (ND App. 1990). Although I don't recall the specific case, I believe Judge Graff, in a District Court decision, reversed a Commission order based on a change or implementation of Commission policy without a rulemaking proceeding for this reason.

Although MDU agrees that a rulemaking proceeding may be appropriate procedurally to clarify the siting jurisdictional policy, it disagrees with the recommendation that current policy and application of the siting statutes should be changed. It is important to note that the Commission's statutory siting jurisdiction, based on the definition of a transmission facility under N.D.C.C. § 49-22-03, with respect to gas transmission pipelines has remained unchanged. The Commission has consistently interpreted and applied the statute based on a functional use test such that pipelines, like the US BioEnergy pipeline, serving an end user are distribution and not transmission pipelines. The Commission's longstanding interpretation and application of this definition has been acquiesced in by the Legislature because the Legislature is presumed to know the

construction of the statute by the Commission and the failure to amend the statute indicates legislative acquiescence. Capital Electric Cooperative, Inc. v. Public Service Commission, 534 N.W. 2d 587 (N.D. 1995). In applying the siting statute and the Commission's policy, the Commission has referenced the minimum federal safety standards' definition of transmission pipelines. The Commission has recognized, however, that these standards are not controlling for siting purposes. For example, distribution pipelines serving end users such as the Prairielands and Fairmont pipelines are operated at a hoop stress in excess of 20 percent or more of SMYS. This may explain why definitional amendments in the minimum federal safety standards weren't mentioned or considered when the Commission issued its jurisdictional determination for the Fairmont pipeline. Nor should those definitional changes in the federal regulations change the Commission's interpretation and application of state siting law since the state law has not been amended. It is state law and not federal law that governs the Commission's jurisdiction. While the federal law may have been useful in the Commission's initial consideration of its policy and application of the siting law, subsequent changes in the federal definition did not broaden the Commission's jurisdiction if the state law did not change. The Commission's jurisdiction in this area remains the same as it has always been.

Finally, MDU does not believe the amended federal safety definition provides a proper jurisdictional framework for siting policy purposes. While any jurisdictional definition frequently has some arbitrary aspects, a jurisdictional determination based on whether the end user is upstream or downstream from a distribution center does not have a logical basis from a siting policy standpoint.

For the above reasons, MDU believes the Commission should continue to apply a functional test for siting jurisdictional determinations. Because the US BioEnergy pipeline will serve an end user, the pipeline is a distribution rather than a transmission pipeline for siting jurisdiction. If the Commission wishes to reconsider its current policy and historic application of its siting jurisdiction, it should undertake that reconsideration in the context of a legislative amendment or a rulemaking proceeding.

MEMORANDUM

DATE 6-4-85
JB

TO: Commissioners Reinbold, Sandstrom and Hagen
Wally Owen
Janet Elkin

FROM: Ray Walton *rtw*

DATE: May 24, 1985

RE: Jurisdictional Pipelines

The Commission has asked the staff to develop a policy which will assist the Commission to determine the jurisdictional nature of gas pipeline installations under the Siting Act.

The North Dakota Siting Act states that a "transmission facility" means "a gas transmission line and associated facilities designed for and capable of transporting gas" The Act (NDCC 49-22) also states that "gas pipeline gathering systems" are exempt and defines them as systems which include "pipelines and associated facilities used to collect gas from the well to the gas processing facility."

Since the Act refers to gas transmission lines in its basic statement of jurisdiction, it appears that the Act was intended to apply to such lines only. We must therefore determine what lines are included or embraced within that term.

Gas transmission lines are generally operated at high pressures and transport large volumes of gas. Such transmission lines are used to transport gas from gas sources such as gas fields and gas processing plants. They are also used to transport to and from gas transmission lines. Their ultimate purpose is to deliver gas to pipelines and systems which are not transmission lines, but rather are pipelines and systems which provide the means for final gas delivery for consumption by the end user.

It is therefore the policy of the Commission, unless specifically otherwise determined, that the following gas pipelines that have or will be constructed in North Dakota are non-jurisdictional under Chapter 49-22, N.D.C.C.:

1. distribution systems
2. farm tap pipelines
3. return fuel lines used in devices and equipment for producing oil and gas

These systems, farm tap pipelines, distribution systems and return fuel lines transport gas. However, they are used for shorter distances at lower pressures and lesser volumes. They generally receive gas from transmission lines for consumption by the end user.

Based on this distinction in function, the Commission is of the opinion that the mandate of the Legislature requiring the siting of transmission lines does not include these systems.

If the Commission wishes, this policy statement could be the subject of an administrative rulemaking under Chapter 28-32. This would permit public as well as private input to the decision making process.

Attached to this memo is a letter from the Wyoming Public Service Commission which appears to come to the same conclusion as to the non-jurisdictional nature of certain gas pipelines.

Also attached is a letter brief on this issue from Warren Albrecht, Jr., attorney.

Warehouseman's License to
Evergreen Grain Co., Tower City,
ND

Mr. Hagen: I move the Commission grant a Warehouseman's License to Evergreen Grain Company, Tower City, North Dakota; proper requirements having been filed.

Mr. Reinbold: I second the motion.

Roll Call: All voting "Aye".

Case No. 10,680 - Meyer Broad-
casting Request for Informal
Hearing on Mining Permit

Mr. Reinbold: I move the Commission reschedule the Informal Hearing requested by Meyer Broadcasting Company in Case No. 10,680, the issuance of Coal Mining Permit No. NAFK 8405, to July 2, 1985 at 2:00 PM in the Sakakawea Room, State Capitol.

Mr. Hagen: I second the motion.

Roll Call: All voting "Aye".

Jurisdictional Pipelines

Mr. Sandstrom: I move that it is the policy of the Commission that:

"The North Dakota Siting Act states that a "transmission facility" means "a gas transmission line and associated facilities designed for and capable of transporting gas" The Act (NDCC 49-22) also states that "gas pipeline gathering systems" are exempt and defines them as systems which include "pipelines and associated facilities used to collect gas from the well to the gas processing facility."

Since the Act refers to gas transmission lines in its basic statement of jurisdiction, it appears that the Act was intended to apply to such lines only. We must therefore determine what lines are included or embraced within that term.

Gas transmission lines are generally operated at high pressures and transport large volumes of gas. Such transmission lines are used to transport gas from gas sources such as gas fields and gas processing plants. They are also used to transport to and from gas transmission lines. Their ultimate purpose is to deliver gas to pipelines and systems which are not transmission lines, but rather are pipelines and systems which provide the means for final gas delivery for consumption by the end user.

It is therefore the policy of the Commission, unless specifically otherwise determined, that the following gas pipelines that have or will be constructed in North Dakota are non-jurisdictional under Chapter 49-22, N.D.C.C.:

1. distribution systems
2. farm tap pipelines
3. return fuel lines used in devices and equipment for producing oil and gas

These systems, farm tap pipelines, distribution systems and return fuel lines transport gas. However, they are used for shorter distances at lower pressures and lesser volumes. They generally receive gas from transmission lines for consumption by the end user.

Based on this distinction in function, the Commission is of the opinion that the mandate of the Legislature requiring the siting of transmission lines does not include these systems."

Mr. Hagen: I second the motion.

Roll Call: All voting "Aye".



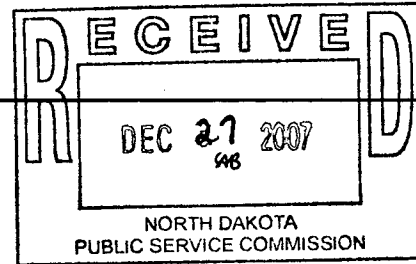
MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

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

Direct Dial No.
(701) 530-1016
(701) 530-1731 (fax)



December 27, 2007

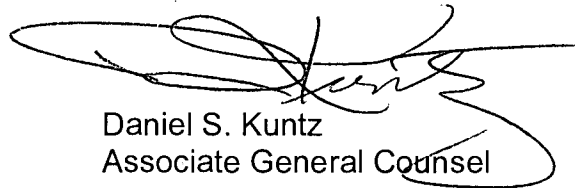
Ms. Illona Jeffcoat-Sacco
Executive Secretary
North Dakota Public Service Commission
State Capital – Department 408
600 East Boulevard Avenue
Bismarck, ND 58505-0480

Re: Montana-Dakota Utilities Co./U.S. BioEnergy Jurisdictional Determination
Case No. PU-07-270

Dear Ms. Jeffcoat-Sacco:

It has come to the attention of Montana-Dakota Utilities Co. that the above-referenced matter is scheduled for discussion with the Commission as part of its administrative agenda on December 31, 2007. Montana-Dakota Utilities Co. requests the opportunity to address the issues and recommendations contained in the staff memorandum with the Commission prior to final action on the staff recommendation regarding the jurisdictional status of the subject pipeline.

Sincerely,



Daniel S. Kuntz
Associate General Counsel

DSK/djv

cc: Donald R. Ball
William Binek

Binek, William W.

From: Ball, Don [Don.Ball@MDU.com]
Sent: Wednesday, September 26, 2007 10:35 AM
To: Binek, William W.
Cc: Lee, Doug; Morehouse, Frank; Aberle, Tamie; Mulkern, Rita
Subject: Hankinson line information

Bill, below is the information you requested on the Hankinson gas line.

Hankinson line:

- MAOP 1440 psi
- Plan to operate at 500 psi

Alliance Pipeline:

- MAOP 1962 psi
- Operating pressure at the tap 1400 psi

Velva Line of Prairielands:

- MAOP 700 psi
- Operating at up to 700 psi depending on gas flows

WBI Line where Velva line is attached

- MAOP 700 psi
- Operates at up to 700 psi depending on gas flows.

If you anything further, let me know.



North Dakota Newspaper Association

1435 Interstate Loop
Bismarck, ND 58503-0567
Ph (701) 223-6397 • Fax (701) 223-8185

INVOICE



Order 23717-07072PP2 Invoice # 90946

August 3, 2007

Attn: ILLONAA. JEFFCOAT-SACCO
PUBLIC SERVICE COMMISSION
600 E. BOULEVARD AVE.
STATE CAPITOL
BISMARCK, ND 58505
Voice: 701-328-4076

Advertiser: Public Service Commission
P.O.#: MDU Bio Energy PU-07-270

Amount Due \$65.07
Amount Paid

Please detach and return this portion with your payment

Public Service Commission Invoice # 23717-07072PP2-90946 PO# MDU Bio Energy PU-07-270

OK gg 8/13/07

Table with columns: Ad Size, Rate Type, Rate, Total, Discount, (%), Caption, Page, Run Date. Rows include Fargo, The Forum (Fargo ND) and Wahpeton Daily News (Wahpeton ND).

Summary table with columns: Description, Amount, Description, Amount, Description, Amount. Rows include Gross Advertising, Agency Discount, Other Discount, Service Charge, Total Misc, Tax, Total Billed, Unbilled, Amount Paid, Adjustments, Payment Date, Balance Due.

Your payment is due upon receipt. Thank you in advance for your prompt payment!

4/100

Affidavit of Publication

Colleen Park, being duly sworn, state as follows:

1. I am the designated agent, under the provisions and for the purposes of, Section 31-04-06, NDCC, for the newspapers listed on the attached exhibits.

2. The newspapers listed on the exhibits published the advertisement of:

Public Service Commission, MDU US BioEnergy

1 time(s) as required by law or ordinance. Pr-07-27078-

3. All of the listed newspapers are legal newspapers in the State of North Dakota and, under the provisions of Section 46-05-01, NDCC, are qualified to publish any public notice or any matter required by law or ordinance to be printed or published in a newspaper in North Dakota.

Signed: Colleen Park

State of ND

County of Burleigh

Subscribed and sworn to before me this 2nd day of August 2007.

Kelli Richey



Kent, Paula F.

From: Colleen Park [colleenp@ndna.com]
Sent: Wednesday, June 27, 2007 4:25 PM
To: Kent, Paula F.
Subject: RE: resent notice of opportunity of hearing---I have placed it in the body of the letter. Did you open the other one?
Attachments: image001.gif

Received this too!! The other worked fine!

From: Kent, Paula F. [mailto:pfkent@nd.gov]
Sent: Wednesday, June 27, 2007 3:56 PM
To: Colleen Park
Subject: RE: resent notice of opportunity of hearing---I have placed it in the body of the letter. Did you open the other one?

STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
US BioEnergy- Hankinson ND
Public Convenience and Necessity**

Case No. PU-07-270

NOTICE OF OPPORTUNITY FOR HEARING

June 27, 2007

On June 8, 2007, Montana-Dakota Utilities Co., filed an application for a Certificate of Public Convenience and Necessity to construct and operate a natural gas distribution line to serve US BioEnergy, a new ethanol production facility currently under construction near Hankinson, North Dakota. MDU also requests approval of a corresponding transportation service agreement and Transportation Service Rate for service to BioEnergy. The issues to be considered in this matter are:

1. Whether public convenience and necessity will be served by the construction and operation of the natural gas distribution line to serve US BioEnergy.
2. Whether the applicant is fit, willing and able to provide service.
3. Whether the Transportation Service Agreement and Transportation Service Rate for service to BioEnergy should be approved.

Those interested are invited to comment on the application in writing. Persons desiring a hearing must file a written request identifying their interest in the proceeding(s) and the reasons for requesting a hearing. Comments and requests for hearings must be received by **July 23, 2007**. If deemed appropriate, the Commission can determine this matter without a hearing.

Geiger, Gloria A.

From: Kent, Paula F.
Sent: Wednesday, June 27, 2007 12:56 PM
To: colleenp@ndna.com
Cc: Geiger, Gloria A.
Subject: Notice of Opportunity for Hearing
Attachments: 3.doc

NEWS ITEM ONLY
ONLY

NEWS ITEM

Please publish the attached Notice of Opportunity for Hearing as a legal publication in the next issue of the following newspapers:

The Daily News, The Fargo Forum.

Do not publish in the classifieds. Please run it as a "News Item Only" article and send the bill to the Public Service Commission along with a tear sheet for billing purposes.

If you have any questions, please call me at 328-4076 or e-mail me.

Paula Kent

Assistant to Commissioner Susan Wefald

pfkent@nd.gov

Public Service Commission

600 East Boulevard

Bismarck, ND 58505

701-328-4076

fax 701-328-2410

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
US BioEnergy- Hankinson ND
Public Convenience and Necessity**

Case No. PU-07-270

NOTICE OF OPPORTUNITY FOR HEARING

June 27, 2007

On June 8, 2007, Montana-Dakota Utilities Co., filed an application for a Certificate of Public Convenience and Necessity to construct and operate a natural gas distribution line to serve US BioEnergy, a new ethanol production facility currently under construction near Hankinson, North Dakota. MDU also requests approval of a corresponding transportation service agreement and Transportation Service Rate for service to BioEnergy. The issues to be considered in this matter are:

1. Whether public convenience and necessity will be served by the construction and operation of the natural gas distribution line to serve US BioEnergy.
2. Whether the applicant is fit, willing and able to provide service.
3. Whether the Transportation Service Agreement and Transportation Service Rate for service to BioEnergy should be approved.

Those interested are invited to comment on the application in writing. Persons desiring a hearing must file a written request identifying their interest in the proceeding(s) and the reasons for requesting a hearing. Comments and requests for hearings must be received by **July 23, 2007**. If deemed appropriate, the Commission can determine this matter without a hearing.

For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-328-2400; or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or braille materials please notify Illona A. Jeffcoat-Sacco, Executive Secretary, at least 24 hours in advance.

PUBLIC SERVICE COMMISSION

Tony Clark
Commissioner

Susan E. Wefald
President

Kevin Cramer
Commissioner

Case No: PU-07-270

Notice of opportunity for hearing

Published in:

7/9 – Fargo

7/8 – Wahpeton

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities
US BioEnergy – Hankinson ND
Public Convenience and Necessity

Case No. PU-07-270

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Paula Kent deposes and says that:

she is over the age of 18 years and not a party to this action and, on the 26th day of July, 2007, she deposited in the United States Mail, Bismarck, North Dakota, two envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

Motion
Order

The envelope was addressed as follows:

Donald R. Ball
Vice President – Regulatory Affairs
Montana-Dakota Utilities
400 North Fourth St.
Bismarck, ND 58501

Daniel S Kuntz
Associate General Counsel
MDU Resources Group Inc
PO Box 5650
Bismarck, ND 58501

Cert. No. 7007 0710 0001 5987 6848

Cert. No. 7007 0710 0001 5987 6831

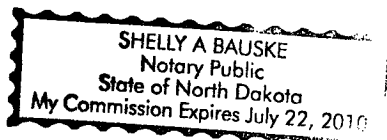
Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this 26th day of July 2007.

Paula Kent

Shelly A Bauske
Notary Public

SEAL



MEMORANDUM

To: Commissioners Clark, Cramer and Wefald
c. PUD, Legal

Fr: Jerry Lein

Da: July 23, 2007

Re: Briefing Memo for 7/25 Agenda Item KC-1:
MDU Application for a PC&N and Approval of a Gas Transportation
Service Agreement to Serve U.S. BioEnergy, Case No. PU-07-270.

MDU has filed an application for a certificate of public convenience and necessity and for approval of an interruptible transportation service agreement to provide natural gas service to the U.S. BioEnergy ethanol plant being constructed at Hankinson. BioEnergy requires natural gas service by December 2007 and MDU requests expedited treatment in order to secure right-of-way and get materials ordered in time to meet construction schedules.

MDU proposes to construct a tap into the Alliance Pipeline near Fairmont, ND and 16 miles of 6" natural gas pipeline to the BioEnergy plant site. The estimated cost of this service extension is \$4,323,536. In accordance with MDU's Interruptible Gas Service Extension Policy, Rate 119, BioEnergy has secured an irrevocable letter of credit in the amount of \$4,324,000 payable to MDU under default conditions specified in an Interruptible Gas Service Extension Agreement.

MDU and BioEnergy have entered into an interruptible transportation service agreement with service rates that differ from those specified in MDU's tariff Transportation Service Rates 81 and 82. The negotiated service rates include a customer charge of \$700 per month and a volumetric charge of \$0.32 per dK; whereas, the tariff provides a customer charge of \$725 per month and a negotiated distribution charge with a ceiling at \$0.298 per dK. Exhibit D to MDU's application contains a revenue requirement analysis indicating that the negotiated rates are cost justified given the magnitude of the needed facilities investment.

The Commission issued a notice of opportunity for hearing with responses due by July 23rd. No response has been received. I recommend granting MDU's PC&N and approving the transportation service agreement.

JRL

APPROVED

DATE: 7-25-07
PHB

MOTION

July 25, 2007

**Montana-Dakota Utilities Co.
U.S. BioEnergy – Hankinson, ND
Public Convenience and Necessity**

Case No. PU-07-270

I move the Commission adopt the Order issuing a Certificate of Public Convenience and Necessity to Montana-Dakota Utilities Co. and approving a natural gas transportation service agreement for service to U.S. BioEnergy for an ethanol production facility under construction near Hankinson, ND, Case No. PU-07-270.

JRL

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
US BioEnergy- Hankinson ND
Public Convenience and Necessity**

Case No. PU-07-270

ORDER
July 25, 2007

On June 8, 2007, Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (MDU) filed an application for a Certificate of Public Convenience and Necessity to construct and operate a natural gas distribution line to serve US BioEnergy (BioEnergy), a new ethanol production facility currently under construction near Hankinson, North Dakota. MDU also requests approval of a corresponding transportation service agreement and transportation service rate for service to BioEnergy.

On June 27, 2007, the Commission issued a Notice of Opportunity for Hearing, providing until July 23, 2007 for receiving written comments or requests for hearing. No comments or hearing requests have been received. The notice provided that the Commission could determine this matter without a hearing if deemed appropriate. The notice identified the following issues to be considered:

1. Whether public convenience and necessity will be served by the construction and operation of the natural gas distribution line to serve US BioEnergy.
2. Whether the applicant is fit, willing and able to provide service.
3. Whether the transportation service agreement and transportation service rate for service to BioEnergy should be approved.

MDU proposes to construct a tap into the Alliance Pipeline near Fairmont, ND and 16 miles of 6" natural gas pipeline to the BioEnergy plant site. MDU expects to invest approximately \$4.324 million in new facilities to serve BioEnergy. In accordance with MDU's Interruptible Gas Service Extension Policy, Rate 119, BioEnergy has secured an Irrevocable Standby Letter of Credit in the amount of \$4,324,000 payable to MDU under default conditions specified in an Interruptible Gas Service Extension Agreement for a five-year period.

MDU has entered into a natural gas transportation service agreement with BioEnergy under the terms of MDU's currently authorized Transportation Service Rates 81 and 82. The transportation service rate to be paid by BioEnergy reflects a Basic Service Charge of \$700.00 and a Distribution Charge of \$0.320

per dk. The rates are a result of negotiations between MDU and BioEnergy and are cost justified as shown by analysis provided with MDU's application.

The distribution facilities proposed to be constructed by MDU will provide natural gas service to BioEnergy in an area that is not now served with natural gas.

The Commission finds that public convenience and necessity will be served by the construction and operation of facilities to extend natural gas service to BioEnergy.

The Commission finds that MDU is fit, willing and able to provide the service requested.

The Commission finds that the transportation service agreement and transportation service rate for service to BioEnergy should be approved.


Having considered this matter, the Commission finds that MDU's application should be approved. Therefore, the Commission issues the following:

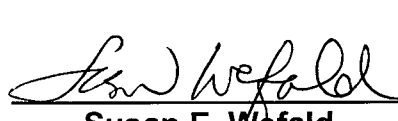
Order

The Commission Orders:

1. Montana-Dakota Utilities Co. is issued Certificate of Public Convenience and Necessity No. 5325 authorizing the construction and operation of facilities to extend natural gas service to U.S. BioEnergy.
2. Montana-Dakota Utilities Co.'s transportation service agreement and transportation service rate for service to U.S. BioEnergy is approved, to be effective when service to BioEnergy is established.

PUBLIC SERVICE COMMISSION


Tony Clark
Commissioner


Susan E. Wefald
President


Kevin Cramer
Commissioner

PUBLIC SERVICE COMMISSION

STATE OF NORTH DAKOTA

Certificate of Public Convenience and Necessity

Certificate Number 5325

This is to certify that public convenience and necessity require, and permission is granted for Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., to serve US BioEnergy, Hankinson in the SE 1/4 of Section 18, Township 130N, Range 49W, Richland County, North Dakota.

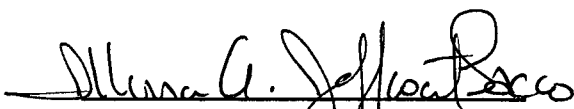
This certificate is issued in accordance with the Order of this Commission dated July 25, 2007 in Case No. PU-07-270, and is subject to the conditions and limitations noted in the Order.

This certificate is conditioned upon Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. securing the franchise or other authority of the proper municipal or other public authority for the exercise of these rights and privileges.

Bismarck, North Dakota, July 25, 2007.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Director


Commissioner

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

July 23, 2007



Mr. William W. Binek
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Case No. PU-07-270
Request for Jurisdictional Determination
for Pipeline to Serve US BioEnergy near
Hankinson, North Dakota

Dear Mr. Binek:

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., herewith requests a jurisdictional determination regarding the applicability of Chapter 49-22 of the North Dakota Century Code to a new pipeline segment necessary to serve a single end-use customer.

Montana-Dakota has entered into an Extension Agreement and Gas Transportation Service Agreement to provide natural gas transportation service to US BioEnergy (BioEnergy), a new ethanol production facility, currently under construction near Hankinson, North Dakota. Montana-Dakota has separately filed an Application with the North Dakota Public Service Commission requesting authority under N.D.C.C. Chapter 49-03.1 to provide such service. Montana-Dakota now requests a jurisdictional determination that a route permit is not required under N.D.C.C. Chapter 49-22 for Montana-Dakota to build a sixteen mile six-inch pipeline from a tap on the Alliance Pipeline near Fairmont, North Dakota for delivery to BioEnergy's facility near Hankinson.

Because of its operating pressure, the line is considered as a transmission facility under 49 CFR Part 192 and will be constructed and maintained in conformance with the

federal pipeline safety standards as well as safety standards adopted by the North Dakota Public Service Commission. However, the line will be used to serve only the ethanol facility and it is functionally equivalent to a farm tap and not a transmission line constructed to transport gas for service to the Company's distribution systems. Therefore, Montana-Dakota respectfully requests a determination that the proposed pipeline provides a distribution function similar to that provided to any other end use customer served directly from a tap on an interstate pipeline system.

Please advise if the Commission needs additional information to make its determination.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



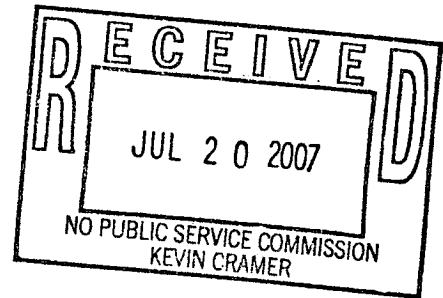
Donald R. Ball
Vice President - Regulatory Affairs

Attachments

Cc: Daniel S. Kuntz

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

July 20, 2007



Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Case No. PU-07-270
Application to Serve U.S. BioEnergy
near Hankinson, North Dakota with
Natural Gas Transportation Service

Pursuant to a request from Jerry Lein, Commission Staff, Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., herewith submits seven (7) copies of the Interruptible Gas Service Extension Agreement referenced in its Application for a Certificate of Public Convenience and Necessity to construct and operate a natural gas distribution line to serve US BioEnergy (BioEnergy) filed in the above referenced Case.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



Tamie Aberle
Pricing & Tariff Manager

Attachments

Cc: Daniel S. Kuntz

**INTERRUPTIBLE GAS SERVICE
EXTENSION AGREEMENT (RATE 119)**

THIS AGREEMENT, made and entered into this _____ day of _____, 2007, by and between MONTANA-DAKOTA UTILITIES CO., a Division of MDU Resources Group, Inc., a Delaware Corporation, 400 North Fourth Street, Bismarck, North Dakota, hereinafter called "Company," and U. S. BIOENERGY hereinafter called "Customer," whether one or more.

WHEREAS, Customer has requested that Company provide natural gas service to Customer at the following location:
Hankinson, ND

County of Richland, State of North Dakota; and

WHEREAS, such service will necessitate the construction by Company of a gas main extension, and the installation of the necessary facilities. NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, it is hereby agreed as follows:

1. Company agrees to construct and install said natural gas Project in accordance with the Interruptible Gas Service Extension Policy Rate 119, attached hereto and incorporated herein, and Customer agrees that, prior to construction of same, Customer will pay to Company the required cost participation for the Project, in the sum of \$ 4,324,000.00, to be paid as follows:

Irrevocable Letter of Credit (LOC), Exhibit B, attached hereto and incorporated herein for the amount set forth in Section 2. If the Customer has not paid distribution revenue to the Company of \$800,000 in the preceding annual period, the Customer shall make a cash payment to the Company equal to the difference between \$400,000 and 50% of the distribution revenue paid by the Customer during the preceding annual period. Company will issue an invoice for the amount owing and the amount of the invoice shall be due and payable within 20 days from the date of the invoice. The failure of the Customer to pay the amount of the invoice within 20 days shall be a default under this Agreement and entitle Company to immediate payment of the balance of the cost participation. The amount of the LOC may be reduced on its annual renewal by 50% of the distribution revenues paid by the Customer during the preceding annual period and any cash payment made pursuant to this paragraph.

2. It is further agreed that after facilities have been placed in service, Company shall recalculate the Customer's cost participation as outlined below.

Final Actual Cost of Project	\$ _____
Adjusted for Federal and State Income Taxes	\$ _____
Preliminary Cost Participation	\$ <u>4,324,000.00</u>
Difference to be: <input type="checkbox"/> Paid to Company	\$ _____
<input type="checkbox"/> Refunded to Customer	\$ _____

3. Interest will be paid by Company to Customer on any refunds made to Customer who has made a cash contribution for the Project. On any refund amounts, interest will be calculated annually by the Company at the rate required pursuant to the Interruptible Gas Service Extension Policy Rate 119 applicable in the state in which the Project is located.

4. "Project", as used in this Agreement, shall include the gas main extension(a), valves, service stub(s), or service line(s) complete where applicable, regulators, meters (excluding electronic measurement equipment), any required payments made by the Company to the transmission pipeline company to accommodate the extension(s), and other costs as adjusted for applicable federal and state income taxes.

5. This Agreement applies only to Company-owned facilities and does not apply to Customer-owned gas service lines. Company shall not be liable for any damages on account of injury to or death of persons, or damage to property, due to the operation, maintenance, repair or replacement of the Customer's service line or customer-owned piping and equipment. All duties and liabilities in this respect are assumed by the Customer.

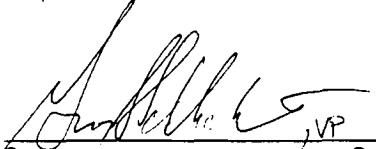
6. The following additional terms and conditions shall apply to Company's construction of a gas main and installation of the necessary facilities as follows:

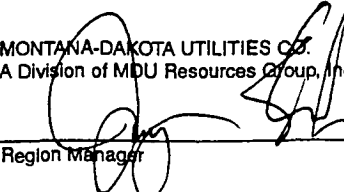
The Letter of Credit (LOC) is subject to a provision requiring the creditor to notify Company of its intent not to renew the LOC at least 30 days prior to non renewal. Upon receipt of such notification, the LOC shall be callable by Company.

7. The following listed documents are attached hereto, and incorporated herein as part of the Agreement:

- a. Interruptible Gas Service Extension Policy, effective date, 12/12/2002
- b. Estimate of Construction Costs
- c. Map showing the route of the extension
- d. Economic Analysis of the extension

8. This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and assigns; but the assignment of this Agreement by either party shall not relieve such party, without the written consent of the other, from any of the obligations undertaken by this Agreement. Further, this Agreement shall expire on December 1, of the year in which it was signed by the Company, or on the following date, December 31, 2007, whichever is later, if construction of the extension has not begun. If the Agreement expires, Company will refund any deposit made by Customer and, thereafter, all parties shall be relieved from any and all further liability in connection with this Agreement.


Customer _____, VP _____
Date 6/7/07

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

Region Manager _____
Date 6/8/2007

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Dakota Gasification Company
CO₂ Pipeline
Siting Application

Case No. PU-07-270

AFFIDAVIT OF SERVICE BY ORDINARY AND E-MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Paula Kent deposes and says that:

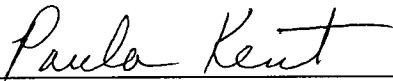
she is over the age of 18 years and not a party to this action and, on the **28th day of June, 2007**, she deposited in the United States Mail, Bismarck, North Dakota, 22 envelopes by first class mail, fully prepaid, securely sealed, each containing a photocopy of:

**Motion
Notice for Opportunity for Hearing**

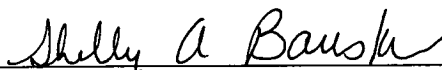
The envelopes were addressed as follows:

See Attached List

Each address shown is the respective addressee's last reasonably ascertainable post office address.

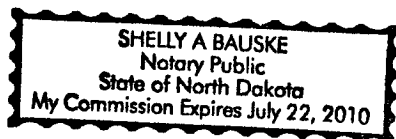


Subscribed and sworn to before me
this **28th day of June, 2007**.



Notary Public

SEAL



akemp@tminc.com
Ann-Marie Kemp

bnicholls@dadco.com
Bryan Nicholls
D A Davidson & Co

Mark.Hanson@grandforks.af.mil
Mark Hanson
Grand Forks Air Force Base
319 ARW/JA 460 Steen Blvd Ste 201
Grand Forks ND 58205

frank.morehouse@mdu.com
Frank Morehouse
Great Plains Natural Gas Co
PO Box 176
Fergus Falls MN 56548-0176

dsaggau@GREnergy.com
Davic Saggau
Great River Energy
P O Box 800
Elk River MN 55330-0800

arsmith@invisimax.com

KAOC, KAUJ, KYTZ FM and KXPO AM radio
856 W 12 St
Grafton ND 58237

bdenver@btinet.net
News Director
KBMR AM-KQDY FM
3500 E Rosser Ave
Bismarck ND 58501

gary.rogers@kbmwam.com

KBMW-AM
PO Box 1115
Wahpeton ND 58074-1115

kdakam@daktel.com
News Director
KDAK AM
Box 50
Carrington ND 58421-0050

kdix@kdix.net
News Director
KDIX AM Radio
119 2nd Ave W
Dickinson ND 58601-5115

kzzynews@stellarnet.com
News Director
KDLR AM and KDVL, KQZZ FM Radio
Box 190
Devils Lake ND 58301-0190

earlg@nccray.net
News Director
KEYZ AM, KHTC FM and KYYZ FM Radio
PO Box 2048
Williston ND 58802-2048

mlyman@kmot.com

knck1080@utma.com

KMOT TV
Box 1120
Minot ND 58702-1120

KNDK-AM
HCR 5 Box 9
Langdon ND 58249

news@ksjbam.com
News Director
KSJB AM and KSJZ FM Radio
PO Box 5180
Jamestown ND 58402-5180

ktgo@nccray.com

KTGO-AM
Box 457
Tioga ND 58852-0457

kumv@kumv.com

KUMV-TV
PO Box 1287
Williston ND 58802-1287

kxma@kxnet.com
News Director
KXMA-TV
Drawer B
Dickinson ND 58601

treiten@kxnet.com

KXMB TV
Box 1617
Bismarck ND 58502-1617

jolson@kxmnews.com

KXMC TV
Box 1686
Minot ND 58701-1686

GSN
GSO
MGN
MGO
PNO

cwalz@kxnet.com

KXMD-TV
PO Box 790
Williston ND 58802-0790

janet.gonzales@state.mn.us
Janet Gonzales
Minnesota PUC
121 E 7th Pl Ste 350
St Paul MN 55101-2147

karen.collins@mdu.com; tamie.aberle@mdu.com
Karen Collins
Montana-Dakota Utilities Co
400 N 4th St
Bismarck ND 58501

julie.tessier@thomson.com
Julie Tessier
Netscan

beth_jensen@transcanada.com
Beth Jensen
Northern Border Pipeline Company
PO Box 3330
Omaha NE 68103-0330

mdickerson@nd.gov
Marcy Dickerson
State Tax Department
State Capitol
Bismarck ND 58505

dave.sederquist@xcelenergy.com
Dave Sederquist
Xcel Energy
PO Box 2747
Fargo ND 58108-2747

craig_scott@bobcat.com
Craig Scott
Melroe Company
P O Box 128
Gwinner ND 58040-0128

don.ball@mdu.com
Don Ball
Montana-Dakota Utilities Co
400 N 4th St
Bismarck ND 58501

jpaczkowski@state.nd.us
John Paczkowski
N D Water Commission
900 E Boulevard
Bismarck ND 58505

carla.deutsch@thomson.com
Carla Deutsch
Netscan

wpp@pearce-durick.com
William Pearce
Pearce & Durick Attorneys
PO Box 400
Bismarck ND 58502-0400

kjvannin@usgs.gov
K Vannin
U S Geological Survey

James Roache
P O Box 564
Crosby ND 58730

Nyle Burchill
835 8th Ave NW
Valley City ND 58072

Patricia Estes
Daily News
PO Box 760
Wahpeton ND 58074-0760

Jay Casler
INDEPTH DATA INC
44 S Bdwy 18th Fl
White Plains NY 10601-4425

KHRT AM
PO Box 1210
Minot ND 58702-1210

KOVC AM and KQDJ FM Radio
136 North Central Avenue P O Box 994
Valley City ND 58072-0994

Mike Foley
NARUC
1101 Vermont Avenue NW Ste 200
Washington DC 20005

Dennis Lavalley
Nat'l Assoc Plumbing-Htng-Cooling
PO Box 6808
Falls Church VA 22046-6808

Harlan Fuglesten
ND Association of RECs
PO Box 727
Mandan ND 58554-0727

Everett Morris
NJ Public Service Electric & Gas
80 Park Pl
Newark NJ 07101

Steven Tomac
2498 59th St
St Anthony ND 58566-9640

Will Kaul
Cooperative Power Association
P O Box 800
Elk River MN 55330-0800

Laurie Baranko
Dakota Resource Council
PO Box 1095
Dickinson ND 58602-1095

News Director
KHND AM Radio
PO Box 6
Harvey ND 58341-0006

Kelley Richardson
King Publishing Co
PO Box 52210
Knoxville TN 37950-2210

Bruce Imsdahl
Montana-Dakota Utilities Co
400 N 4th St
Bismarck ND 58501

Robert Burns
National Regulatory Research Inst
406 Bevis Hall 1080 Carmack
Columbus OH 43210

James Irwin
Natural Gas Week
1411 K Street Suite 602
Washington DC 20005-3404

Lisa K Fair-McEvers
ND Labor Dept
600 E Blvd Ave

Public Utilities Reports Inc
Law Dept 8229 Boone Blvd Ste 401
Vienna VA 22182

John Kapsner
The Vogel Law Firm
P O Box 2097
Bismarck ND 58502-2097

Hala Bates
Theodore Roosevelt National Park
P O Box 7
Medora ND 58645-0007

Paul Lehman
Xcel Energy
414 Nicollet Mall
Minneapolis MN 55401-1993

Kent, Paula F.

From: Colleen Park [colleenp@ndna.com]
Sent: Wednesday, June 27, 2007 4:25 PM
To: Kent, Paula F.
Subject: RE: resent notice of opportunity of hearing---I have placed it in the body of the letter. Did you open the other one?
Attachments: image001.gif

Received this too!! The other worked fine!

From: Kent, Paula F. [mailto:pfkent@nd.gov]
Sent: Wednesday, June 27, 2007 3:56 PM
To: Colleen Park
Subject: RE: resent notice of opportunity of hearing---I have placed it in the body of the letter. Did you open the other one?

STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
US BioEnergy- Hankinson ND
Public Convenience and Necessity**

Case No. PU-07-270

NOTICE OF OPPORTUNITY FOR HEARING

June 27, 2007

On June 8, 2007, Montana-Dakota Utilities Co., filed an application for a Certificate of Public Convenience and Necessity to construct and operate a natural gas distribution line to serve US BioEnergy, a new ethanol production facility currently under construction near Hankinson, North Dakota. MDU also requests approval of a corresponding transportation service agreement and Transportation Service Rate for service to BioEnergy. The issues to be considered in this matter are:

1. Whether public convenience and necessity will be served by the construction and operation of the natural gas distribution line to serve US BioEnergy.
2. Whether the applicant is fit, willing and able to provide service.
3. Whether the Transportation Service Agreement and Transportation Service Rate for service to BioEnergy should be approved.

Those interested are invited to comment on the application in writing. Persons desiring a hearing must file a written request identifying their interest in the proceeding(s) and the reasons for requesting a hearing. Comments and requests for hearings must be received by **July 23, 2007**. If deemed appropriate, the Commission can determine this matter without a hearing.

5 PU-07-270

Pages: 1

APPROVED

DATE: 6-27-07
893

MOTION

July 27, 2007

Montana-Dakota Utilities Co.
U.S. BioEnergy – Hankinson, ND
Public Convenience and Necessity

Case No. PU-07-270

I move the Commission issue a Notice of Opportunity for Hearing in the application of Montana-Dakota Utilities Co. for a Certificate of Public Convenience and Necessity and for approval of a natural gas transportation service agreement to extend natural gas service to U.S. BioEnergy for an ethanol production facility under construction near Hankinson, ND, Case No. PU-07-270.

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
US BioEnergy- Hankinson ND
Public Convenience and Necessity**

Case No. PU-07-270

NOTICE OF OPPORTUNITY FOR HEARING

June 27, 2007

On June 8, 2007, Montana-Dakota Utilities Co., filed an application for a Certificate of Public Convenience and Necessity to construct and operate a natural gas distribution line to serve US BioEnergy, a new ethanol production facility currently under construction near Hankinson, North Dakota. MDU also requests approval of a corresponding transportation service agreement and Transportation Service Rate for service to BioEnergy. The issues to be considered in this matter are:

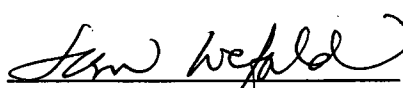
1. Whether public convenience and necessity will be served by the construction and operation of the natural gas distribution line to serve US BioEnergy.
2. Whether the applicant is fit, willing and able to provide service.
3. Whether the Transportation Service Agreement and Transportation Service Rate for service to BioEnergy should be approved.

Those interested are invited to comment on the application in writing. Persons desiring a hearing must file a written request identifying their interest in the proceeding(s) and the reasons for requesting a hearing. Comments and requests for hearings must be received by **July 23, 2007**. If deemed appropriate, the Commission can determine this matter without a hearing.

For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-328-2400; or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or braille materials please notify Illona A. Jeffcoat-Sacco, Executive Secretary, at least 24 hours in advance.

PUBLIC SERVICE COMMISSION


Tony Clark
Commissioner


Susan E. Wefald
President


Kevin Cramer
Commissioner



Public Service Commission
Receipt of Payment

Receipt# 6917

Received: 6/19/2007 Check# 1227427 for \$50.00

Subject: Transportation Service Agreement/Rate-BioEnergy

Docket # PU-07-270

Montana-Dakota Utilities Co., a Division of MDU Resources
400 N 4th Street
Bismarck ND 58501

2 PU-07-270

Pages: 1

Receipt# 6,917 \$50.00 Transportation
Service Agreement/Rate-BioEnergy
by Montana-Dakota Utilities Co., a Division of MDU Re

06/19/2007

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

June 8, 2007

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Case No. PU-07-____
Application to Serve U.S. BioEnergy
near Hankinson, North Dakota with
Natural Gas Transportation Service

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., herewith files an original and seven (7) copies of an Application for a Certificate of Public Convenience and Necessity to construct and operate a natural gas distribution line to serve US BioEnergy (BioEnergy), a new ethanol production facility, currently under construction near Hankinson, North Dakota. Montana-Dakota is also requesting approval of the attached Transportation Service Agreement and Transportation Service Rate for service to BioEnergy.

Montana-Dakota will be providing service to BioEnergy through construction of a six inch sixteen mile line from a tap on the Alliance Pipeline located near Fairmont, North Dakota. Montana-Dakota will be separately filing a request for a jurisdictional determination of the applicability of Chapter 49-22 of the North Dakota Century Code to this project.

BioEnergy currently has ethanol production facilities in service in Platte Valley and Ord, Nebraska; Woodbury, Michigan and Albert City, Iowa with plants under construction in Dyersville, Iowa and Janesville, Minnesota in addition to the Hankinson plant. Upon completion of these facilities, BioEnergy will own and operate seven plants with combined expected ethanol production capacity of 600 million gallons per year. BioEnergy also recently announced that the company has agreed to acquire Millennium

Ethanol, LLC who is constructing an ethanol production facility near Marion, South Dakota.

The facility under construction in Hankinson is expected to produce 100 million gallons of ethanol and 320,000 tons of dried distillers' grains annually. The plant will bring about 40 jobs to the Hankinson area. When in full production, BioEnergy's Hankinson facility will use approximately 2.5 Bcf of natural gas annually. As noted above, Montana-Dakota's arrangement with BioEnergy, is to provide transportation service only. BioEnergy is responsible for securing a supply of natural gas and pipeline services necessary to deliver natural gas to the new delivery point on the Alliance Pipeline.

The estimated investment associated with a tap on the Alliance pipeline and construction of the 16 mile pipeline and associated equipment necessary to delivery natural gas to the ethanol facility is estimated to be \$4,323,536. BioEnergy has secured an Irrevocable Standby Letter of Credit in the amount of \$4,324,000 payable to Montana-Dakota under default conditions specified in the Interruptible Gas Service Extension Agreement executed by the Company and BioEnergy to protect Montana-Dakota's other customers and shareholders.

The addition of this gas transportation service agreement will provide a net benefit to all natural gas customers Montana-Dakota serves in the State of North Dakota.

BioEnergy requires natural gas service available at the plant site by December 2007 for a production start date expected to occur in the second quarter of 2008. Given the right of way, pipeline tap and construction requirements necessary for delivery of natural gas within that time frame, Montana-Dakota respectfully requests expedited treatment of this request and the corresponding jurisdictional determination request made under separate cover.

Please refer all inquiries regarding this filing to:

Ms. Tamie Aberle
Pricing & Tariff Manager
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

Also, please send copies of all written inquiries, correspondence and pleadings to:

Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650

Montana-Dakota also herewith submits a check for \$50.00 pursuant to the requirements of Section 49-05-05 of the North Dakota Century Code.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



Donald R. Ball
Vice President - Regulatory Affairs

Attachments

Cc: Daniel S. Kuntz

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

In the Matter of the Application of)
MONTANA-DAKOTA UTILITIES CO., a)
Division of MDU Resources Group, Inc., for a)
Certificate of Public Convenience and)
Necessity to Construct and Operate a) Case No. PU-07-_____
Natural Gas Distribution Line to Serve an)
Ethanol Facility near Hankinson, North)
Dakota and approval of a Gas Transportation)
Service Agreement associated with)
providing service)

APPLICATION

COMES NOW, Montana-Dakota Utilities Co. (Montana-Dakota or Applicant), a Division of MDU Resources Group, Inc., the Applicant in the above-entitled proceeding, and makes application pursuant to Chapter 49-03.1, NDCC, for a Certificate of Public Convenience and Necessity to construct and operate the facilities hereinafter described to provide natural gas transportation service to U.S. BioEnergy (BioEnergy or Customer), in Richland County, North Dakota. Applicant also requests approval of the proposed Transportation Service Agreement set forth in Exhibit A to be effective upon the completion of the facilities necessary to provide service to Customer. In support of this Application, Montana-Dakota alleges as follows:

I.

That Applicant's full name and post office address are:

Montana-Dakota Utilities Co.,
a Division of MDU Resources Group, Inc.,
400 North Fourth Street
Bismarck, North Dakota 58501

II.

That Applicant is a Division of MDU Resources Group, Inc., a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation, and that it is doing business in the State of North Dakota as a public utility subject to the jurisdiction of and regulation by the North Dakota Public Service Commission (Commission) under Title 49, N.D.C.C., as amended.

III.

That Applicant's Certificate of Incorporation and amendments thereto have been previously filed with the Commission, such Certificate and Amendments are hereby incorporated by reference, as though fully set forth herein.

IV.

That this Application is being made pursuant to the provisions of Chapter 49-03.1 of the North Dakota Century Code, and the rules and regulations promulgated by the Public Service Commission of the State of North Dakota.

V.

That enclosed herewith and incorporated herein by reference is the required financial statement of operations for MDU Resources Group, Inc. for the fiscal year ended December 31, 2006 as reported in its 2006 Annual Report to Stockholders (denoted as Exhibit B).

VI.

That Applicant seeks authorization to construct, operate and maintain a natural gas pipeline for the purpose of providing natural gas transportation service to an ethanol facility located near Hankinson, North Dakota. Attached hereto as Exhibit C and incorporated herein by reference, as though fully set forth herein, is a map which sets forth and describes the proposed location of the pipeline route.

VII.

That Customer will be responsible for securing natural gas and the pipeline services necessary on the Alliance Pipeline to deliver the Customer's gas supply to the tap to be constructed on the Alliance Pipeline for delivery to Montana-Dakota's distribution pipeline tied directly to Customer.

VIII.

That Montana-Dakota has entered into a Gas Transportation Agreement with Customer under the terms of the currently authorized Transportation Service Rates 81 and 82. The transportation service rate to be paid by Customer reflects a Basic Service Charge of \$700.00 and a Distribution Charge of \$0.320 per dk. The rates are a result of negotiations between the Company and Customer and are cost justified as shown on the revenue requirement analysis provided as Exhibit D. The distribution charge of \$0.320 at \$0.02 above the authorized ceiling for Rate 82 is appropriate as the total construction cost for this project includes the Alliance Pipeline tap, a cost typically borne by the end use customer.

IX.

That in order to provide natural gas transportation service to Customer, Montana-Dakota must invest approximately \$4,324,000 in new facilities.

X.

That the distribution facilities proposed to be constructed by Applicant will provide natural gas transportation service to Customer in an area that is not now served with natural gas. That there is a public need and demand for natural gas as a fuel and that the best interests of the Customer and this Applicant will be served by the granting of the certificate of public convenience and necessity requested herein.

XI.

That sufficient customer interest for natural gas exists as evidenced by the Transportation Service Agreement provided herein.

XII.

That no other natural gas public utility will be affected by the construction and operation of the proposed natural gas distribution system.

XIII.

That Applicant is fit, willing and able to construct the proposed project and to maintain and operate the system when completed.

XIV.

That the rates set forth on the proposed rate schedules will provide Montana-Dakota the opportunity to earn a reasonable rate of return on its investment, provide BioEnergy with a competitive source of energy and provide benefit to all customers served by Applicant in North Dakota.

XV.

That Applicant believes it is in the public interest that Applicant be granted a Certificate of Public Convenience and Necessity for the authority it requests herein.

WHEREFORE, Applicant respectfully requests that the Commission:

1. Give Notice of Opportunity to request a hearing to interested parties and, if no hearing is requested within twenty days, to waive the hearing in accordance with §49-03.1-05, NDCC;
2. Enter an Order and issue a Certificate of Public Convenience and Necessity authorizing the Applicant to construct and operate natural gas facilities necessary to extend natural gas service to BioEnergy located near Hankinson, North Dakota;
3. Approve the Transportation Service Agreement necessary to provide service to BioEnergy as set forth in Exhibit A; and
4. Grant such other relief as the Commission shall deem appropriate.

Dated this 8th day of June, 2007.

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

By: *Donald R. Ball*
Donald R. Ball
Vice President Regulatory Affairs

Of Counsel:

Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650

STATE OF NORTH DAKOTA)
 :SS
COUNTY OF BURLEIGH)

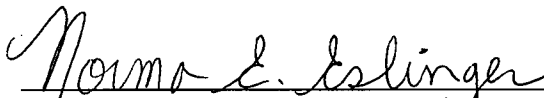
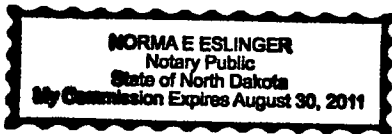
Donald R. Ball, being first duly sworn, on oath deposes and says that he is the Vice President Regulatory Affairs of Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., the Applicant herein, and makes this verification on its behalf; that he has read the foregoing Application and knows the contents thereof, and that the statements made and contained therein are true and correct to the best of his information, knowledge and belief.

Dated this 8th day of June, 2007.



Donald R. Ball

Subscribed and sworn to before me this 8th day of June, 2007.



Norma E. Eslinger, Notary Public
Burleigh County, North Dakota
My Commission Expires: 08/30/2011

Of Counsel:

Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650

GAS TRANSPORTATION AGREEMENT

THIS AGREEMENT, made this 4th day of March, 2007, is by and between MONTANA-DAKOTA UTILITIES CO., a Division of MDU Resources Group, Inc., a Delaware corporation, hereinafter called "Company", and U.S. BIOENERGY, located at Hankinson, ND hereinafter called "Customer".

Customer has entered into agreements to purchase natural gas and have that gas delivered to a "receipt point" using Shipper(s) as specified in attached Exhibit "A" as Shipper. Customer agrees to notify Company prior to any change in shipper(s) and further agrees to execute a new Exhibit "A" prior to change of event.

Customer and Company enter into this Gas Transportation Agreement to have said gas transported by Company from the "receipt point" to a "delivery point".

WITNESSETH: The parties hereto, each in consideration of the agreement of the other, agree as follows:

1.0 TERM. Transportation, deliveries and charges hereunder shall commence on December 1, 2007 and expire on November 30, 2017 and shall continue thereafter until either party furnishes the other party 30 days written notice of termination.

2.0 RECEIPT POINT(S), DELIVERY POINT(S), RATE SCHEDULE(S), AND QUANTITIES. Delivery of natural gas by Company to Customer shall be at or near the points whose locations and maximum delivery quantity per day are described as follows.

<u>Receipt Point</u>	<u>Delivery Point</u>	<u>Rate Schedule*</u>	<u>Dk Maximum Delivery Point Quantity Per Day</u>
Alliance Pipeline Fairmount, ND	U.S. BioEnergy Hankinson, ND	Exhibit "B"	12,000

2.1 DISPATCHING - Customer will adhere to gas dispatching policies and procedures established by Company to facilitate service under this Agreement. Company will inform Customer of any changes in dispatching policies that may affect this Agreement as they occur.

2.2 METERING AND MEASUREMENT - Company will meter the quantity of natural gas delivered to Customer at the delivery point. Company will test meter in accordance with applicable state utility rules and regulations. In addition, the parties agree to the following testing and corrective procedures:

2.2.1 CUSTOMER'S METER - Customer may install, operate and maintain at its sole expense, equipment for the purpose of measuring the amount of natural gas delivered over any measurement period (Customer meter), provided the equipment shall not interfere with such delivery or with the Company's meter.

2.2.2 ALTERNATIVE MEANS OF MEASUREMENT - In the event the Company's meter is out of service, measurement shall be determined by the following step process beginning with step "a" below:

- a. Using the registration of the Customer's meter, if installed and accurately registering within two percent (2%) (either high or low); or
- b. In the absence of accurate Customer metering, by making a calibration test or mathematical calculation, if the percentage of error is ascertainable; or
- c. To the extent Customer's meter calibration test, or mathematical calculation described above cannot be utilized, by estimating by reference to quantities measured during periods under similar conditions when the Company's meter was registering accurately; or
- d. To the extent the methods described above cannot be utilized, by estimating by reference to Customer's operating records for the period in question.

2.2.3 TESTING - The accuracy of the Company's electronic measurement device and the integrity of the meter shall be tested and calibrated in the presence of the Customer at a minimum of once each year. In addition, flow testing and calibration of the meter shall be performed in compliance with established Company policy for large meters at a minimum of once each five years. Company shall forward a copy of calibration documentation to Customer. In the event that either party notifies the other that it desires a test of the accuracy of its own or of the other party's meter, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. Notice shall be addressed to Company's Gas Superintendent at Company's Bismarck, ND Office and shall be in writing at least fourteen days in advance of said testing.

2.2.4 COSTS OF TESTING - Company shall bear the cost of the testing and any required adjustment of the Company's meter. In the event that Customer requests a testing of Company's meter at other than the specified intervals, Customer shall bear the cost of the testing unless such equipment is found to be inaccurate by greater than two percent (2%) (either high or low).

2.2.5 CORRECTIONS OF MEASURING EQUIPMENT - If, upon testing, the Company's meter is found to be accurate within two percent (2%) (either high or low) at a flow rate corresponding to the average hourly flow rate for natural gas supplied by Company to Customer for the period since the last preceding test, previous recordings of such equipment shall be considered accurate in computing deliveries of natural gas hereunder, but Company meter shall be promptly adjusted to record correctly to the extent possible. If, upon testing, Company's meter shall be found to be inaccurate by greater than two percent (2%) (either high or low) at a flow rate corresponding to the average hourly flow rate for natural gas supplied by company to Customer for the period since the last preceding test, then such Company meter shall be promptly adjusted to record properly, to the extent possible, and any previous recordings by such Company meter shall be corrected to zero error, to the extent possible, and Company shall promptly send to Customer a report based on such corrected recordings and a revised invoice based on corrected readings within thirty days. If no reliable information exists as to when the Company meter became inaccurate, it shall be assumed for correction purposes hereunder that such inaccuracy began at a point in time midway between the testing date and the last previous date on which the Company meter was tested and found to be accurate or adjusted to be accurate.

2.2.6 MAINTENANCE - Each party shall have the right to be present whenever the other party reads, cleans, changes, repairs, inspects, tests, calibrates, or adjusts its meter. Each party shall give timely notice to the other party in advance of taking any such actions. Notice shall be addressed to Company's Gas Superintendent at Company's Bismarck, ND Office. Each party shall give at least 24 hours notice to the other party prior to undertaking the above-described activity.

2.2.7 CHARGES, PENALTIES, COSTS, OR EXPENSES - To the extent that any penalties are incurred by Customer as a result of the inaccuracy of Company's meter greater than two percent (2%) (either high or low), Company shall be responsible for such penalties.

2.2.8 ELECTRONIC MEASUREMENT EQUIPMENT - The Company's electronic (Metretek) measurement, used as a remote terminal unit for system operations, equipment is excluded from the requirements of Sections 2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.2.6, and 2.2.7. The estimated cost of the installation of electronic measurement equipment in conjunction with this Agreement is \$ 3,500.00. Customer agrees to provide this amount to Company at the time this Agreement is returned to Company for execution by Company.

2.2.9 RECORD EXAMINATION - Customer shall have the right at all reasonable times to examine the books, records and charts of Company, for a two year period subsequent to the issuance in writing of a dispute invoice, to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this agreement.

3.0 DEFINITIONS.

Delivery Point - The point at which Customer assumes custody of the gas being transported. This point will normally be at the outlet of Company's meter(s) located on Customer's premises.

Gas Day - Means a period of twenty-four consecutive hours, beginning and ending at 9:00 a.m. Central Clock Time.

Interruption - A suspension of transportation or retail natural gas service deemed necessary by Company.

Nomination - The daily volume, in dk, of natural gas requested by Customer for transportation and delivery to Customer at the delivery point over a 24 hour period commencing at 9:00 a.m. Central Clock Time each day.

Receipt Point - The intertie between Company and the interconnecting pipeline(s) at which point Company assumes custody of the gas being transported.

Shipper - The party with whom the pipeline has entered into a Service Agreement for transportation service.

4.0 RATE. The rates charged Customer shall be as specified in Exhibit "B" as approved by the appropriate state utility regulatory agency.

The currently effective rates are attached hereto and made a part hereof. Company shall have the right to modify the rates charged and the terms and conditions hereunder by making unilateral rate filings with the appropriate regulatory agency.

4.1 FIRM NATURAL GAS REQUIREMENTS. Customer agrees to accept service hereunder in accordance with Company's Rate 70, as specified in Exhibit "C" of this Agreement for Customer's firm requirements delivered through Customer's interruptible meter(s).

4.2 TAXES. In addition to the rates specified above, Company shall collect from Customer and Customer agrees to pay Company any sales, use, excise, or other such taxes and city fees that are legally effective and applicable to the service provided hereunder.

4.3 REPLACEMENT OR SUPPLEMENTAL SALES SERVICE. Interruptible retail gas may be available at this location during the time that this Agreement is in force. Customer may request that Company provide interruptible retail gas sales pursuant to Rate Schedule 85. Service under such rate is subject to the availability of capacity on Company's system and prior demands of customers served under Company's general service gas rates.

5.0 ASSIGNMENT. Customer agrees that it will not assign this Agreement except upon written consent of Company.

6.0 INDEMNIFICATION. Customer agrees to indemnify and hold Company harmless from any and all injury, loss or damage resulting from Customer's negligent or wrongful acts under and during the term of this Agreement. Company agrees to indemnify and hold Customer harmless from any and all injury, loss or damage resulting from Company's negligent or wrongful acts under and during the term of this Agreement.

7.0 INGRESS AND EGRESS. Company is hereby granted rights of ingress and egress, at reasonable times, for operating, inspecting and maintaining any of Company's facilities on Customer's premises.

8.0 FORCE MAJEURE. In the event of either Party's being rendered wholly or in part by force majeure unable to carry out its obligations under this Agreement, then the obligations of the Parties hereto, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused. Such causes or contingencies affecting the performance of this Agreement by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligations to make payments of amounts then due hereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telephone to the other party as soon as possible after the occurrence relied on. If volumes of Customer's gas are destroyed while in Company's possession by an event of force majeure, the obligations of the Parties under this Agreement shall terminate with respect to the volumes lost.

The term "force majeure" as employed herein shall include, but shall not be limited to acts of God, strikes, lockouts or other industrial disturbances, failure to perform by any third party, which performance is necessary to the performance by either Customer or Company under this Agreement, acts of the public enemy or terrorists, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrest and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, sudden partial or sudden entire failure of Company's gas supply, failure to obtain materials and supplies due to governmental regulations, and causes of like or similar kind, whether herein enumerated or not, and not within the control of the Party claiming suspension, and which by the exercise of due diligence such party is unable to overcome; provided that the exercise of due diligence shall not require settlement of labor disputes against the better judgment of the Party having the dispute.

The term "force majeure" as employed herein shall also include, but shall not be limited to, inability to obtain or acquire, at reasonable cost, grants, servitudes, rights-of-way, permits, licenses, or any other authorizations from third parties or agencies (private or governmental) or inability to obtain or acquire at reasonable cost necessary materials or supplies to construct, maintain, and operate any facilities required for the performance of any obligations under this Agreement, when any such inability directly or indirectly contributes to or results in either Party's inability to perform its obligations.

9.0 REGULATORY AUTHORITY. This Agreement is subject to all valid laws, orders, rules and regulations of any and all duly constituted authorities having jurisdiction over the subject matter herein and is subject to the receipt of any necessary authorization for the transportation service contemplated herein.

10.0 REPORTING REQUIREMENTS. Customer shall furnish Company all information as may be required or appropriate to comply with reporting requirements of duly constituted authorities having jurisdiction over the matter herein.


IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date and year above written.

CUSTOMER

COMPANY

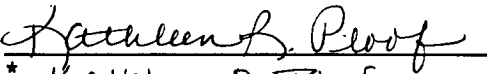
U.S. BIOENERGY

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

By: 
* Richard K Atkinson

By: 
JAY SKABO
Region Manager

Title: Senior VICE PRESIDENT & CFO

Attest: 
* Kathleen R. Ploof

Title: Executive Assistant

* Please type or print the names below the signature lines.

EXHIBIT "A"
GAS TRANSPORTATION AGREEMENT

This document is an attachment to the Gas Transportation Agreement dated _____ between Montana-Dakota Utilities Co. and U.S. BIOENERGY, covering interruptible transportation service to the Customer's facility located at Hankinson, ND.

This Exhibit "A" shall be in effect commencing on December 1, 2007.

Customer's Total Interruptible Transportation Quantity: 12,000 dk per day.

The shipper(s) name is U.S. Energy Services Inc.

Customer hereby authorizes Company to furnish the shipper any information relating to the volume and/or cost of natural gas furnished by Company for use by Customer. This authorization will remain in effect until a written notice is received from Customer.

Accepted and agreed to this 4th day of March, 2007.

CUSTOMER

U.S. BIOENERGY

By: [Signature]

Representing U.S. BioEnergy

Accepted and agreed to this 6th day of JUNE, 2007.

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

By: [Signature]
JAY SKABO
Region Manager

EXHIBIT "B"
GAS TRANSPORTATION AGREEMENT

This document is an attachment to the Gas Transportation Agreement dated _____ between MONTANA-DAKOTA UTILITIES CO. and U.S. BIOENERGY covering interruptible transportation service to Customer's facility located at Hankinson, ND.

<u>Basic Service Charge</u>	<u>Distribution Charge</u>	<u>Term of Rate</u>
\$700.00 per month	\$0.32 per dk	12/1/2007 to 11/30/2017

This Gas Transportation Agreement is subject to receipt of a Letter of Credit acceptable to Company as described in the Interruptible Gas Service Extension Agreement. Company will deliver all natural gas received on Customer's behalf at Company's connection with Alliance Pipeline except under the Force Majeure conditions described in Section 8.

Accepted and agreed to this 14th day of March, 2007.

U.S. BIOENERGY

By 

Title: SENIOR VICE PRESIDENT & CFO

Accepted and agreed to this 6th day of JUNE, 2007.

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

By 
JAY SKABO
Region Manager

EXHIBIT "C"
REQUEST FOR FIRM NATURAL GAS SALES SERVICE

This document is an attachment to the Gas Transportation Agreement dated _____ between Montana-Dakota Utilities Co. and U.S. BIOENERGY, covering interruptible transportation service to the Customer's facility located at Hankinson, ND.

Daily Firm Service Requirements

January	<u>0</u>	Dk/day
February	<u>0</u>	Dk/day
March	<u>0</u>	Dk/day
April	<u>0</u>	Dk/day
May	<u>0</u>	Dk/day
June	<u>0</u>	Dk/day
July	<u>0</u>	Dk/day
August	<u>0</u>	Dk/day
September	<u>0</u>	Dk/day
October	<u>0</u>	Dk/day
November	<u>0</u>	Dk/day
December	<u>0</u>	Dk/day

I hereby request that these daily maximum quantities be provided to this location pursuant to an approved firm natural gas sales tariff.

Firm gas sales, under Rate 70, shall commence on December 1, 2007 and expire on November 30, 2017, and shall continue thereafter until either party furnishes the other party 30 days written notice of termination.

Accepted and agreed to this 14th day of March, 2007.

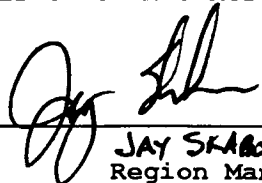
U.S. BIOENERGY

By: 

By: Richard K. Atkinson
(Please print or type)

Accepted and agreed to this 6th day of JUNE, 2007.

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

By: 
JAY SKABO
Region Manager

PART II

Consolidated Statements of Income

Years ended December 31,	2006	2005	2004
	<i>(In thousands, except per share amounts)</i>		
Operating revenues:			
Electric, natural gas distribution and pipeline and energy services	\$ 889,286	\$ 950,324	\$ 773,771
Construction services, natural gas and oil production, construction materials and mining, independent power production and other	3,181,398	2,502,107	1,942,421
	4,070,684	3,452,431	2,716,192
Operating expenses:			
Fuel and purchased power	71,776	63,591	64,618
Purchased natural gas sold	268,981	329,190	249,924
Operation and maintenance:			
Electric, natural gas distribution and pipeline and energy services	183,992	155,323	154,826
Construction services, natural gas and oil production, construction materials and mining, independent power production and other	2,611,530	2,106,855	1,614,053
Depreciation, depletion and amortization	271,583	228,386	208,514
Taxes, other than income	130,586	119,929	96,583
Asset impairments (Note 1)	-	-	2,076
	3,538,448	3,003,274	2,390,594
Operating income	532,236	449,157	325,598
Earnings from equity method investments	10,838	20,192	25,053
Other income	12,186	7,403	12,711
Interest expense	72,095	54,384	57,137
Income before income taxes	483,165	422,368	306,225
Income taxes	165,248	146,510	94,296
Income from continuing operations	317,917	275,858	211,929
Loss from discontinued operations, net of tax (Note 2)	(2,160)	(775)	(4,862)
Net income	315,757	275,083	207,067
Dividends on preferred stocks	685	685	685
Earnings on common stock	\$ 315,072	\$ 274,398	\$ 206,382
Earnings per common share – basic:			
Earnings before discontinued operations	\$ 1.76	\$ 1.54	\$ 1.21
Discontinued operations, net of tax	(.01)	-	(.03)
Earnings per common share – basic	\$ 1.75	\$ 1.54	\$ 1.18
Earnings per common share – diluted:			
Earnings before discontinued operations	\$ 1.75	\$ 1.53	\$ 1.20
Discontinued operations, net of tax	(.01)	-	(.03)
Earnings per common share – diluted	\$ 1.74	\$ 1.53	\$ 1.17
Dividends per common share	\$.5234	\$.4934	\$.4667
Weighted average common shares outstanding – basic	180,234	178,365	174,723
Weighted average common shares outstanding – diluted	181,392	179,490	176,117

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

December 31,	2006	2005
<i>(In thousands, except shares and per share amounts)</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 74,921	\$ 107,435
Receivables, net	624,682	601,062
Inventories	204,440	171,213
Deferred income taxes	-	9,062
Prepayments and other current assets	81,284	39,066
Current assets held for sale (Note 3)	8,408	5,358
	993,735	933,196
Investments	155,111	98,217
Property, plant and equipment (Note 1)	4,729,163	4,203,520
Less accumulated depreciation, depletion and amortization	1,735,812	1,524,211
	2,993,351	2,679,309
Deferred charges and other assets:		
Goodwill (Note 5)	228,334	219,429
Other intangible assets, net (Note 5)	23,492	11,851
Other	103,840	89,579
Noncurrent assets held for sale (Note 3)	405,611	391,981
	761,277	712,840
	\$4,903,474	\$4,423,562
Liabilities and Stockholders' Equity		
Current liabilities:		
Long term debt due within one year	\$ 84,034	\$ 101,758
Accounts payable	300,050	259,057
Taxes payable	54,290	49,262
Deferred income taxes	5,969	-
Dividends payable	24,606	22,951
Other accrued liabilities	184,013	184,385
Current liabilities held for sale (Note 3)	1,000	11,515
	653,962	628,928
Long-term debt (Note 9)	1,170,548	1,104,752
Deferred credits and other liabilities:		
Deferred income taxes	546,602	499,375
Other liabilities	336,916	270,180
Noncurrent liabilities held for sale (Note 3)	30,533	28,705
	914,051	798,260
Commitments and contingencies (Notes 17, 19 and 20)		
Stockholders' equity:		
Preferred stocks (Note 11)	15,000	15,000
Common stockholders' equity:		
Common stock (Note 12)		
Authorized - 250,000,000 shares, \$1.00 par value		
Issued - 181,557,543 shares in 2006 and 120,262,786 shares in 2005	181,558	120,263
Other paid-in capital	874,253	909,006
Retained earnings	1,104,210	884,795
Accumulated other comprehensive loss	(6,482)	(33,816)
Treasury stock at cost - 538,921 shares in 2006 and 359,281 in 2005	(3,626)	(3,626)
Total common stockholders' equity	2,149,913	1,876,622
Total stockholders' equity	2,164,913	1,891,622
	\$4,903,474	\$4,423,562

The accompanying notes are an integral part of these consolidated financial statements.

PART II

Consolidated Statements of Common Stockholders' Equity

Years ended December 31, 2006, 2005 and 2004

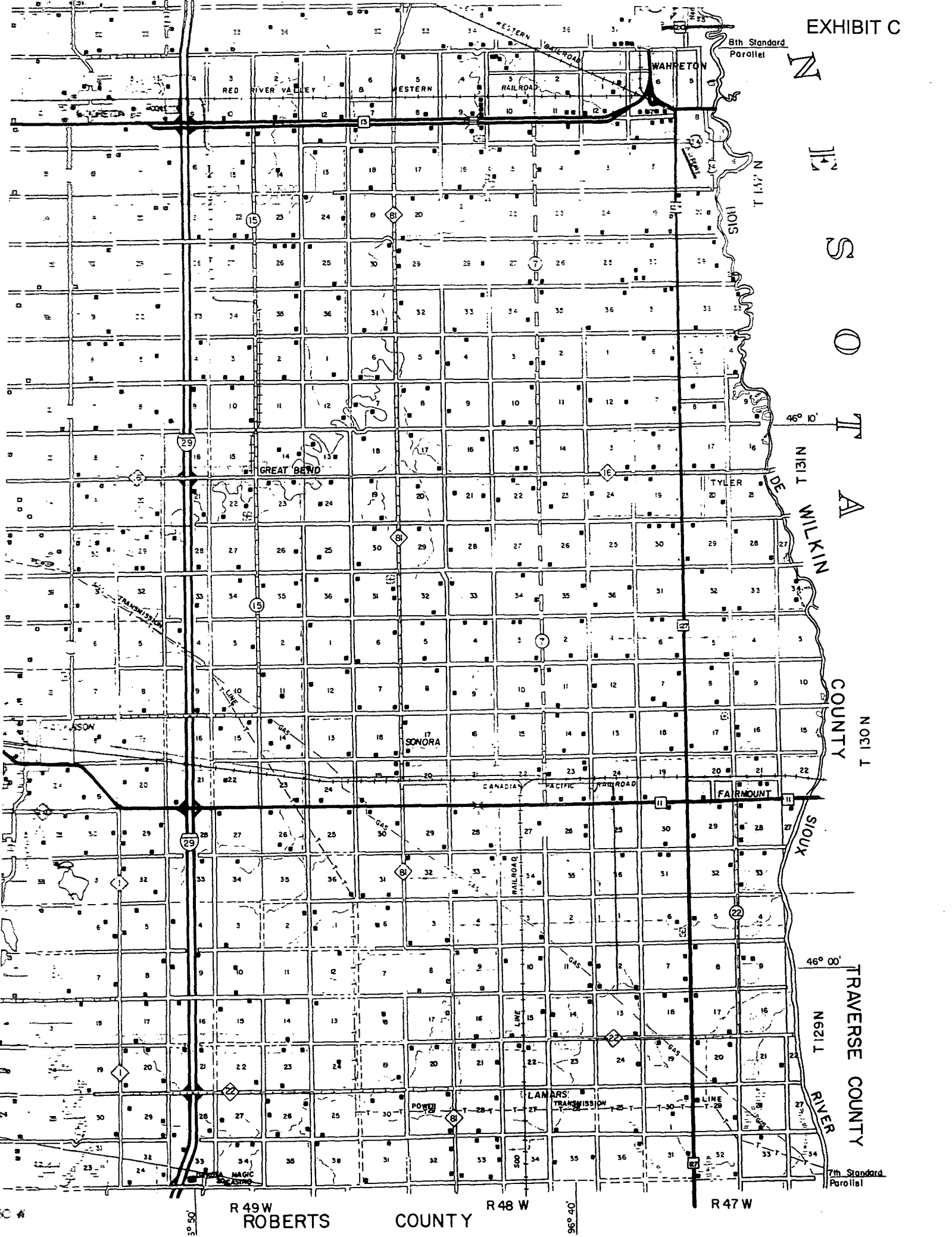
	Common Stock		Other Paid-in Capital	Retained Earnings	Accumulated Other Compre- hensive Loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
	<i>(In thousands, except shares)</i>							
Balance at December 31, 2003	113,716,632	\$113,717	\$757,787	\$ 575,287	\$(7,529)	(359,281)	\$(3,626)	\$1,435,636
Comprehensive income:								
Net income	-	-	-	207,067	-	-	-	207,067
Other comprehensive								
income (loss), net of tax -								
Net unrealized loss on								
derivative instruments								
qualifying as hedges	-	-	-	-	(1,032)	-	-	(1,032)
Minimum pension liability								
adjustment	-	-	-	-	(3,782)	-	-	(3,782)
Foreign currency								
translation adjustment	-	-	-	-	852	-	-	852
Total comprehensive income	-	-	-	-	-	-	-	203,105
Dividends on preferred stocks	-	-	-	(685)	-	-	-	(685)
Dividends on common stock	-	-	-	(82,574)	-	-	-	(82,574)
Tax benefit on stock-based compensation	-	-	6,222	-	-	-	-	6,222
Issuance of common stock	4,869,433	4,869	99,440	-	-	-	-	104,309
Balance at December 31, 2004	118,586,065	118,586	863,449	699,095	(11,491)	(359,281)	(3,626)	1,666,013
Comprehensive income:								
Net income	-	-	-	275,083	-	-	-	275,083
Other comprehensive								
income (loss), net of tax -								
Net unrealized loss on								
derivative instruments								
qualifying as hedges	-	-	-	-	(21,800)	-	-	(21,800)
Minimum pension liability								
adjustment	-	-	-	-	574	-	-	574
Foreign currency								
translation adjustment	-	-	-	-	(1,099)	-	-	(1,099)
Total comprehensive income	-	-	-	-	-	-	-	252,758
Dividends on preferred stocks	-	-	-	(685)	-	-	-	(685)
Dividends on common stock	-	-	-	(88,698)	-	-	-	(88,698)
Tax benefit on stock-based compensation	-	-	5,487	-	-	-	-	5,487
Issuance of common stock	1,676,721	1,677	40,070	-	-	-	-	41,747
Balance at December 31, 2005	120,262,786	120,263	909,006	884,795	(33,816)	(359,281)	(3,626)	1,876,622
Comprehensive income:								
Net income	-	-	-	315,757	-	-	-	315,757
Other comprehensive								
income (loss), net of tax -								
Net unrealized gain on								
derivative instruments								
qualifying as hedges	-	-	-	-	45,610	-	-	45,610
Minimum pension liability								
adjustment	-	-	-	-	1,761	-	-	1,761
Foreign currency								
translation adjustment	-	-	-	-	(1,585)	-	-	(1,585)
Total comprehensive income	-	-	-	-	-	-	-	361,543
SFAS No. 158 transition adjustment	-	-	-	-	(18,452)	-	-	(18,452)
Dividends on preferred stocks	-	-	-	(685)	-	-	-	(685)
Dividends on common stock	-	-	-	(95,657)	-	-	-	(95,657)
Tax benefit on stock-based compensation	-	-	2,524	-	-	-	-	2,524
Issuance of common stock (pre-split)	120,702	121	3,242	-	-	-	-	3,363
Three-for-two common								
stock split (Note 12)	60,191,744	60,192	(60,192)	-	-	(179,640)	-	-
Issuance of common stock (post-split)	982,311	982	19,673	-	-	-	-	20,655
Balance at December 31, 2006	181,557,543	\$181,558	\$874,253	\$1,104,210	\$(6,482)	(538,921)	\$(3,626)	\$2,149,913

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31,	2006	2005	2004
	<i>(In thousands)</i>		
Operating activities:			
Net income	\$ 315,757	\$ 275,083	\$ 207,067
Loss from discontinued operations, net of tax	2,160	775	4,862
Income from continuing operations	317,917	275,858	211,929
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	271,583	228,386	208,514
Earnings, net of distributions, from equity method investments	(4,093)	(14,385)	(22,261)
Deferred income taxes	40,051	30,300	33,200
Asset impairments	-	-	2,076
Changes in current assets and liabilities, net of acquisitions:			
Receivables	(10,750)	(114,922)	(62,427)
Inventories	(29,736)	(20,217)	(23,668)
Other current assets	(10,183)	418	9,663
Accounts payable	29,919	51,225	30,848
Other current liabilities	33,734	25,968	44,278
Other noncurrent changes	22,139	21,491	4,011
Net cash provided by continuing operations	660,581	484,122	436,163
Net cash used in discontinued operations	(1,106)	(883)	(3,092)
Net cash provided by operating activities	659,475	483,239	433,071
Investing activities:			
Capital expenditures	(508,975)	(510,825)	(337,627)
Acquisitions, net of cash acquired	(126,313)	(213,557)	(37,138)
Net proceeds from sale or disposition of property	30,575	40,554	20,518
Investments	(59,202)	1,833	(54,265)
Proceeds from sale of equity method investment	-	38,166	-
Proceeds from notes receivable	-	-	22,000
Net cash used in continuing operations	(663,915)	(643,829)	(386,512)
Net cash provided by (used in) discontinued operations	3,689	(81)	(61)
Net cash used in investing activities	(660,226)	(643,910)	(386,573)
Financing activities:			
Issuance of long-term debt	356,352	353,937	15,449
Repayment of long-term debt	(315,486)	(106,822)	(38,021)
Proceeds from issuance of common stock	19,963	9,165	70,129
Dividends paid	(93,450)	(87,551)	(81,019)
Tax benefit on stock-based compensation	2,524	-	-
Net cash provided by (used in) continuing operations	(30,097)	168,729	(33,462)
Net cash provided by discontinued operations	-	-	-
Net cash provided by (used in) financing activities	(30,097)	168,729	(33,462)
Effect of exchange rate changes on cash and cash equivalents	(1,666)	-	-
Increase (decrease) in cash and cash equivalents	(32,514)	8,058	13,036
Cash and cash equivalents - beginning of year	107,435	99,377	86,341
Cash and cash equivalents - end of year	\$ 74,921	\$ 107,435	\$ 99,377

The accompanying notes are an integral part of these consolidated financial statements.



N
E
S
O
T
A
COUNTY
N 011 T

46° 00'
TRAVERSE COUNTY
N 021 T

R 49 W
ROBERTS COUNTY

R 48 W

R 47 W

7th Standard Parallel

30 #

30 #

30 #

MONTANA-DAKOTA UTILITIES CO.
US BioEnergy - Hankinson, North Dakota
Income Statement

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Revenues										
Annual Fee	\$792,400	\$792,400	\$792,400	\$792,400	\$792,400	\$792,400	\$792,400	\$792,400	\$792,400	\$792,400
Operating Expenses										
O&M	20,000	20,600	21,218	21,855	22,511	22,961	23,420	23,888	24,366	24,853
Depreciation	144,137	144,470	144,803	145,136	145,469	145,802	146,135	146,468	146,801	147,134
Taxes Other Than Income	43,241	43,341	43,441	43,541	43,641	43,741	43,841	43,941	44,041	44,141
Total Expenses	207,378	208,411	209,462	210,532	211,621	212,504	213,396	214,297	215,208	216,128
Income before Taxes	585,022	583,989	582,938	581,868	580,779	579,896	579,004	578,103	577,192	576,272
Interest Expense	172,597	166,067	161,382	155,707	150,060	144,442	138,854	133,297	128,842	123,330
Taxable income	412,425	417,922	421,556	426,161	430,719	435,454	440,150	444,806	448,350	452,942
Income Taxes	163,114	165,288	166,725	168,547	170,349	172,222	174,079	175,921	177,322	179,138
Operating Income	\$421,908	\$418,701	\$416,213	\$413,321	\$410,430	\$407,674	\$404,925	\$402,182	\$399,870	\$397,134
Rate Base 1/	\$4,179,987	\$4,045,517	\$3,910,714	\$3,775,578	\$3,640,109	\$3,504,307	\$3,368,172	\$3,231,704	\$3,094,903	\$2,957,769
Rate of Return	10.09%	10.35%	10.64%	10.95%	11.28%	11.63%	12.02%	12.44%	12.92%	13.43%

MONTANA-DAKOTA UTILITIES CO.
US BioEnergy - Hankinson, North Dakota
Rate Base Statement and Results

Plant in Service

Investment	\$4,324,124	\$4,324,124	\$4,334,124	\$4,344,124	\$4,354,124	\$4,364,124	\$4,374,124	\$4,384,124	\$4,394,124	\$4,404,124
Additional Facilities	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	<u>\$4,324,124</u>	<u>\$4,334,124</u>	<u>\$4,344,124</u>	<u>\$4,354,124</u>	<u>\$4,364,124</u>	<u>\$4,374,124</u>	<u>\$4,384,124</u>	<u>\$4,394,124</u>	<u>\$4,404,124</u>	<u>\$4,414,124</u>
Accumulated Reserve	144,137	288,607	433,410	578,546	724,015	869,817	1,015,952	1,162,420	1,309,221	1,456,355
Rate base	<u>\$4,179,987</u>	<u>\$4,045,517</u>	<u>\$3,910,714</u>	<u>\$3,775,578</u>	<u>\$3,640,109</u>	<u>\$3,504,307</u>	<u>\$3,368,172</u>	<u>\$3,231,704</u>	<u>\$3,094,903</u>	<u>\$2,957,769</u>

North Dakota Average Rate Base - 2006 1/	\$22,887,605
Total North Dakota Rate Base with BioEnergy	27,000,357
North Dakota Income - 2006 1/	1,761,137
BioEnergy Income	421,908
Total North Dakota ROR Including BioEnergy	8.090%
North Dakota ROR - w/o BioEnergy 1/	7.695%
Authorized ROR 2/	8.791%

2006 Capital Structure 1/

Long Term Debt	34.567%	7.983%	2.759%
Short Term Debt	13.509%	5.436%	0.734%
Preferred Equity	3.653%	4.567%	0.167%
Common Equity	<u>48.271%</u>	<u>8.359%</u>	<u>4.035%</u>
Total	100.000%		7.695%

1/ Annual Report to the North Dakota PSC filed on 4/15/07.

2/ Case No. PU-04-97.

Assumptions:

Initial Investment	\$4,324,124
Annual Throughput	2,450,000
Life of investment(years)	30.00
Property tax rate	1.0%
Income Tax Rate	39.55%
Inverse of Tax Rate	60.45%

TU-01-270

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the card to you.
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Don Ball
 Vice President Regulatory Affairs
 Montana-Dakota Utilities
 400 N 4th St
 Bismarck, ND 58501

A. Signature *[Signature]* Agent Addressee

B. Received by (Printed Name) *[Signature]* C. Date of Delivery *7-30-04*

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) 7007 0710 0001 5987 6848

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

CK 10 27 JUL 2004 PU-07-270

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the card to you.
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Daniel J Kenty
 Associate General Counsel
 MDU Resources Group INC
 PO Box 5650
 Bismarck ND 58502-5650

A. Signature *[Signature]* Agent Addressee

B. Received by (Printed Name) *[Signature]* C. Date of Delivery *7-27-04*

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) 7007 0710 0001 5987 6831

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540