

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co. and Great Plains Natural Gas Co., divisions of MDU Resources Group, Inc.
Acquisition of Intermountain Gas Company
Application**

Case No. PU-08-490

ORDER

September 24, 2008

On July 9, 2008, MDU Resources Group, Inc. (MDU), and its Divisions, Montana-Dakota Utilities Co. and Great Plains Natural Gas Co. filed an application for authorization to acquire the stock of Intermountain Gas Company (Intermountain). Both Montana-Dakota Utilities Co. and Great Plains Natural Gas Co. provide utilities service in North Dakota. In its application, MDU asserts that the acquisition:

- Is in the public interest and should be approved;
- Will not adversely affect its North Dakota utilities operations;
- Provides an opportunity for growth in a new and expanding market;
- Will have no immediate impact on the rates and tariffs of North Dakota customers;
- Provides for sharing expertise and spreading administrative and operating costs over a larger organization;
- Will not affect MDU's credit rating.

Intermountain is an investor-owned gas utility with its headquarters in Boise, Idaho. It is engaged in business as a local natural gas distribution company in 74 communities in southern Idaho. Intermountain currently provides natural gas utility service to approximately 302,000 customers with a service territory covering more than 38,000 square miles. On July 1, 2008, MDU entered into an agreement to acquire Intermountain's stock.

On August 27, 2008, the Commission issued a Notice of Opportunity for Hearing to consider whether the acquisition is in the public interest. No requests for a hearing were received.

On September 11, 2008, the staff filed a memo recommending the acquisition application be approved.

On September 24, 2008, an informal hearing was held to discuss the application.

The Commission finds that the acquisition is in the public interest as it will allow one of North Dakota's corporations to expand its business, provide additional

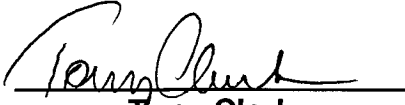
opportunities for its employees and will likely lead to lower rates for its North Dakota ratepayers through wider allocation of its corporate overhead costs.

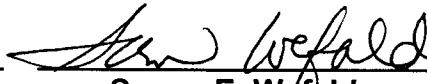
Order

The Commission orders:

1. The application of MDU Resources Group, Inc., and its Divisions, Montana-Dakota Utilities Co. and Great Plains Natural Gas Co., to acquire the stock of Intermountain Gas Company is approved.

PUBLIC SERVICE COMMISSION



Tony Clark
Commissioner

Susan E. Wefald
President

Kevin Cramer
Commissioner