

August 7, 2007

**NOTICE CONCERNING SATISFACTION
OF COMMITMENT 30**

Re: *In the Matter of the Joint Application of MDU RESOURCES GROUP, INC.
AND CASCADE NATURAL GAS CORPORATION for an Order Authorizing
Proposed Transaction, Docket UG-061721*

TO ALL PARTIES:

On May 9, 2007, MDU Resources Group, Inc. (MDU), Cascade Natural Gas Corporation (Cascade), Commission Staff, Public Counsel, Northwest Industrial Gas Users, the Energy Project, and Boise Cascade filed a Settlement Stipulation by which they proposed to resolve all issues in this proceeding. The Commission approved and adopted the unopposed Stipulation on June 27, 2007, following hearing.

Appendix A to the Stipulation sets forth 36 commitments by MDU and Cascade. Commitment 30 provides:

Within three months of closing of the transaction, Cascade commits to obtain a non-consolidation opinion, subject to customary limitations and qualifications, concluding that if the ring-fencing around Cascade is maintained, a bankruptcy court, on its own or upon proper request of a party in interest, in a case under the United States Bankruptcy Code commenced against MDU Resources, would not order the substantive consolidation of the assets and liabilities of Cascade with those of MDU Resources. Cascade commits to promptly file such opinion with the Commission. If the ring-fencing provisions of this agreement are insufficient to obtain a non-consolidation opinion, MDU Resources and Cascade agree to promptly undertake the following actions:

- a. Notify the Commission of this inability to obtain a non-consolidation opinion.
- b. Propose and implement, upon consultation with Commission Staff and parties to this stipulation and Commission approval, such ring-fencing provisions that are sufficient to obtain such a non-consolidation opinion.
- c. Obtain a non-consolidation opinion.

It appears from various letters filed by MDU, Staff and Public Counsel that there is a disagreement among these parties concerning whether Commitment 30 can be satisfied by MDU's stated intention to use Perkins Coie LLP, which represented MDU and Cascade in this proceeding, as the law firm that will prepare the non-consolidation opinion. Staff and Public Counsel's apparent concern is that a non-consolidation opinion from the firm that represented MDU and Cascade in the regulatory approval process may be less than fully objective.

The Commission has reviewed the Stipulation, the transcript and the parties' correspondence. Considering industry standards, and the legal and ethical responsibilities of outside counsel engaged in such an undertaking, the Commission is satisfied that MDU's retention of Perkins Coie LLP to prepare the non-consolidation opinion required by Commitment 30 is acceptable.

Sincerely,

DENNIS J. MOSS
Administrative Law Judge