

157 FERC ¶ 61,042  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

October 19, 2016

In Reply Refer To:  
MDU Resources Group, Inc.  
Docket No. ES16-53-000

MDU Resources Group, Inc.  
P.O. Box 5650  
Bismarck, North Dakota 58506-5650

Attention: Daniel S. Kuntz, General Counsel and Secretary

Dear Mr. Kuntz:

1. On August 19, 2016, MDU Resources Group, Inc. (MDU Resources) filed, pursuant to section 204 of the Federal Power Act (FPA)<sup>1</sup> and part 34 of the Commission's Rules and Regulations,<sup>2</sup> an application requesting authorization to issue a combination of equity and long-term debt securities not to exceed in the aggregate \$1 billion.<sup>3</sup> MDU Resources also requests waiver of the Commission's competitive bidding and negotiated placement requirements.<sup>4</sup> We will grant the authorization and request for waiver, as discussed below.

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<sup>1</sup> 16 U.S.C. § 824c (2012).

<sup>2</sup> 18 C.F.R. pt. 34 (2016).

<sup>3</sup> Application for Authorization to Issue Securities, Docket No. ES16-53-000 (August 19, 2016) (Application). MDU Resources requests that the authorization requested in the Application supersede and replace the existing authorization previously granted in Docket No. ES14-49-000. *See MDU Resources Group, Inc.*, 149 FERC ¶ 62,040 (2014).

<sup>4</sup> 18 C.F.R. § 34.2(a) (2016).

2. In the Application, MDU Resources proposes to issue and sell varying amounts of common stock; preferred stock and/or preferred stock A; new senior notes, other secured debt securities, unsecured debt securities, and/or guaranties; purchase contracts to purchase MDU common stock, preference stock or other equity securities and/or stock purchase units (each representing ownership of a stock purchase contract and debt securities, preferred securities, preference securities, or debt obligations, equity securities or trust preferred securities of one or more subsidiaries of MDU, a subsidiary trust or third parties (including U.S. Treasury securities) securing the holder's obligation to purchase common stock, preference stock or other equity securities), and/or warrants; and other securities, including, without limitation, hybrid securities issuable directly or indirectly by MDU Resources and any related guaranties, such as convertible or unconvertible preferred securities, putable or callable instruments, together with associated put or call rights, subordinated debt, and mandatorily convertible instruments (collectively, Securities).<sup>5</sup> MDU Resources states that the aggregate amount of all such securities issued pursuant to the requested authorization shall not exceed \$1 billion.

3. MDU Resources states that the interest rate for the new senior notes, other secured debt securities, unsecured debt securities, and other debt securities shall not exceed seven percent on a per annum basis.<sup>6</sup> MDU Resources also represents that the proceeds from the issuance of new senior notes, other secured debt securities, and unsecured debt securities will be used exclusively for funding the capital requirements of its public utility subsidiaries.<sup>7</sup>

4. Notice of the Application was published in the *Federal Register*, 81 Fed. Reg. 58,923 (2016), with protests or interventions due on or before September 9, 2016. None was filed.

5. FPA section 204(a) provides that requests for authorization to issue securities or to assume any obligation or liability as guarantor, indorser, surety, or otherwise in respect of any security of another person shall be granted if the Commission finds that the issuance or assumption: (1) is for some lawful object, within the corporate purposes of the applicant and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility and

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<sup>5</sup> Application at 1-3.

<sup>6</sup> *Id.* at 8.

<sup>7</sup> *Id.* at 13.

which will not impair its ability to perform that service; and (2) is reasonably necessary or appropriate for such purposes.<sup>8</sup>

6. We find, based on the statements set forth in the Application, including MDU Resources' representation that MDU Resources has investment grade credit ratings and that it has sufficient income to cover the interest expense associated with the proposed issuances, that MDU Resources has demonstrated that the proposed issuances of securities described in the Application: (1) are for lawful objects within the corporate purposes of MDU Resources and compatible with the public interest, are necessary or appropriate for, or consistent with, the proper performance by MDU Resources of its service as a public utility, and will not impair its ability to perform that service; and (2) are reasonably necessary or appropriate for such purposes. Accordingly, based upon the terms and conditions and for the purposes specified in the Application, MDU Resources is authorized to issue the securities in an aggregate principal amount not to exceed \$1 billion outstanding at any one time. We also grant the request for waiver of the Commission's competitive bidding and negotiated placement requirements.

7. This authorization is effective October 20, 2016 through October 19, 2018, and supersedes and replaces the previous authorization issued in Docket No. ES14-49-000. In addition, the debt securities are subject to the Commission's restrictions on secured and unsecured debt as outlined in *Westar Energy, Inc.*<sup>9</sup> MDU Resources must file a Report of Securities Issued, under 18 C.F.R. §§ 34.9, 131.43 and 131.50 (2016), no later than 30 days after the sale or placement of long-term debt or equity securities or the entry into guarantees or assumptions of liabilities.

8. This authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before this Commission.

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<sup>8</sup> 16 U.S.C. § 824(c)(a) (2012).

<sup>9</sup> In *Westar Energy Inc.*, 102 FERC ¶ 61,186, *order on reh'g*, 104 FERC ¶ 61,018 (2003), the Commission announced four restrictions on all future public utility issuances of secured and unsecured debt. First, public utilities seeking authorization to issue debt backed by a utility asset must use the proceeds of the debt for utility purposes. Second, if any utility assets that secure debt issuances are divested, the debt must follow the asset and also be divested. Third, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt must follow the non-utility assets. Specifically, if the non-utility assets are divested, then a proportionate share of the debt must follow the divested non-utility asset. Finally, if utility assets financed by unsecured debt are divested to another entity, then a proportionate share of the debt must also be divested.

9. Nothing in this letter order shall be construed to imply any guarantee or obligation on the part of the United States with respect to any security to which this letter order relates.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.