

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE COMPLAINT OF)	
MONTANA-DAKOTA UTILITIES CO., A)	SETTLEMENT AGREEMENT
DIVISION OF MDU RESOURCES GROUP, INC.,)	
REGARDING SOUTH DAKOTA INTRASTATE)	NG16-006
PIPELINE COMPANY'S RATES FOR PIPELINE)	
TRANSPORTATION SERVICE)	

I. Settlement Agreement

On June 10, 2016, Montana-Dakota Utilities (MDU) filed a Complaint regarding The South Dakota Intrastate Pipeline Company's (SDIP) Rates for Pipeline Transportation Service. On July 14, 2016, SDIP filed a Motion to Dismiss the Complaint alleging the appropriate method in which to approve a rate for pipeline transportation service would be pursuant to a rate case filed under SDCL 49-34A-13 and 13.1. Pursuant to discussions between the South Dakota Public Utilities Commission Staff (Staff), SDIP and MDU, the Parties have resolved all issues in this proceeding and hereby enter into this Settlement Agreement, under which, if accepted and ordered by the Commission, SDIP will file a rate case pursuant to SDCL Chapter 49-34A and ARSD 20:10:13:26 and 20:10:13:39 through 20:10:13:104, inclusive, at a future date.

II. Purpose

This Settlement Agreement has been prepared and executed by the Parties in order to resolve Docket NG16-006 and does not constitute an admission of liability on the part of either MDU or SDIP. SDIP specifically denies the allegations made by MDU in the complaint. The Settlement Agreement is not precedent setting. In consideration of the mutual promises hereinafter set forth, the Parties agree as follows:

1. Upon execution of this Settlement Agreement, the Parties shall immediately file this Settlement Agreement with the Commission together with a Joint Motion requesting that the Commission issue an order approving this Settlement Agreement in its entirety without condition or modification.
2. This Settlement Agreement includes all terms of settlement. The Settlement Agreement is conditioned on the understanding that, in the event the Commission modifies this Settlement Agreement, this Settlement Agreement may, at the option of any Party, be withdrawn and shall not constitute any part of the record in this proceeding or any other proceeding nor be used for any other purpose in this case or in any other.

3. This Settlement Agreement shall become binding upon execution by the Parties, provided however, if this Settlement Agreement is withdrawn in accordance with Paragraph 2 above, it shall be null, void and privileged. This Settlement Agreement is intended to relate only to the specific matters referred to herein; no Party waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein; no Party shall be advantaged or prejudiced or bound thereby in any other current or future proceeding before the Commission. No Party, nor representative thereof shall directly or indirectly refer to this Settlement Agreement or that part of any order of the Commission as precedent in any other proceeding before the Commission.

III. Elements of the Settlement Stipulation

1. Complaint

MDU will dismiss the Complaint filed on June 10, 2016 against SDIP regarding SDIP's rate for pipeline transportation service.

2. Reporting

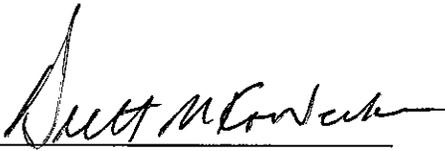
SDIP will submit the company's financial information from years 2011 to present to Staff by October 31, 2016, unless otherwise agreed upon between SDIP and Staff. The information may be submitted confidentially to Staff. SDIP will submit additional data upon request by Staff.

3. Filing

SDIP will file a rate case pursuant to SDCL Chapter 49-34A and ARSD 20:10:13:26 and 20:10:13:39 through 20:10:13:104, inclusive, with the Public Utilities Commission regarding SDIP's tariff rate for pipeline transportation services, effective September 1, 2018. SDIP will file the company's rate case by June 1, 2017. Should SDIP not file a rate case by that date, Staff will open a docket to investigate SDIP's tariff rate regarding pipeline transportation service.

This Settlement Stipulation is entered into this 26 day of September, 2016.

Montana-Dakota Utilities Co., a
Division of MDU Resources Group, Inc.

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DATED: 9/26/14

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DATED: 9/26/14

SD Public Utilities Commission

BY: 
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DATED: 9/26/2016