

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1283

In the Matter of

MDU RESOURCES GROUP, INC.

Application for Authorization to Acquire
Cascade Natural Gas Corporation

MOTION FOR ADDITIONAL
PROTECTION UNDER GENERAL
PROTECTIVE ORDER

Applicant, MDU Resources Group, Inc. ("MDU Resources"), moves for additional protection under paragraph 16 of the General Protective Order entered in this proceeding, Order No. 06-661. Specifically, MDU Resources requests that the information produced by MDU Resources in response to Staff's Data Request No. 90 (electronic copy of financial model, plus supporting documentation and reports) be subject to disclosure to Staff only, and that Staff be required to destroy all such information within 30 days following conclusion of this proceeding.

As good cause for this motion, MDU Resources states:

1. Staff served data requests on MDU Resources on February 27, 2007. MDU Resources has not yet served responses to those data requests.

2. The information for which MDU Resources seeks additional protection is information responsive to Staff Data Request No. 90:

Please provide an electronic, i.e., spreadsheet, copy of the financial model used for acquisition negotiations and include all supporting documentation, such as derivative reports.

3. Paragraph 16 of the General Protective Order provides that a person desiring additional protection may move for any of the remedies set forth in ORCP 36C. Paragraph 16 requires a motion for additional protection to state the parties involved, the nature of the

information involved, the nature of the relief requested, the specific reasons the relief is necessary, and whether any intermediate measures may resolve the dispute.

4. ORCP 36C. states, in pertinent part:

[F]or good cause shown, the court . . . may make any order which justice requires to protect a party or person . . . including one or more of the following: . . . (2) that the discovery may be had only on specified terms and conditions . . . ; (5) that discovery may be conducted with no one present except persons designated by the court; . . . (7) that a trade secret or other confidential research, development, or commercial information not be disclosed or be disclosed only in a designated way

5. The parties involved in this issue are Staff and MDU Resources. No other party has yet requested a copy of MDU Resources' response to this data request pursuant to OAR 860-014-0070(2).

6. The relief MDU Resources seeks is an order permitting MDU Resources to disclose information responsive to this data request to Staff only (in the event any other party requests a copy) and requiring Staff to destroy this information within 30 days following the conclusion of this proceeding. The relief is necessary because of the highly confidential and commercially sensitive nature of the information and the risk to MDU Resources that it will be competitively compromised by dissemination of this information to intervenors in this docket, including MDU Resources' competitors and customers.

7. More specifically, the information sought in response to Staff Data Request No. 90 includes an electronic version of the financial model that MDU Resources used to analyze the proposed transaction with Cascade. This model was developed by MDU Resources and is highly sensitive and confidential proprietary information of MDU Resources. The model is not available commercially and MDU Resources has consistently taken steps to preserve the confidential nature of this model. Disclosure of this sensitive commercial information would harm MDU Resources in that its competitors would have access to the manner in which MDU

Resources analyzed this transaction and other proposed financial transactions generally. MDU Resources' financial model is so commercially sensitive that it has never been shared with anyone outside the company, including Cascade, and has been seen only by a small group of people within the company.

8. Assurance of strict confidentiality is essential to the ability of parties and their professional advisors to provide comprehensive and candid analyses of merger and acquisition transactions. Granting the requested protections will significantly limit the risk of an inadvertent breach of confidentiality and protect against erosion of sensitive and confidential commercial information.

9. MDU Resources has already provided to Staff and other parties, subject to the protections of the Standard Protective Order, the assumptions MDU Resources used in running the model and the output of the model in response to Staff Data Request No. 2. Thus, the only additional information at issue in this request is the electronic version of the model itself and other related documentation. MDU Resources submits that production of the electronic model is of marginal relevance to this proceeding. ORS 757.511 requires the Commission to determine whether it is in the public interest to permit MDU Resources to exercise influence over Cascade. MDU Resources' financial model used to analyze the transaction is not significantly relevant to the ORS 757.511 inquiry. Staff apparently desires to run the model using assumptions that are different from the ones that MDU Resources used. This use of the model is not likely to lead to evidence that is relevant to the issues in this proceeding. Because these materials are of relatively little value in the context of the overall inquiry and because their disclosure will harm MDU Resources, special protection should be accorded MDU Resources limiting the dissemination of these materials to Staff. In any event, disclosure of these materials to Staff will eliminate any possible prejudice to the intervenors, given Staff's duty to assist the Commission in seeing that the public interest is served by the proposed transaction.

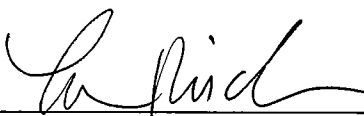
10. Notwithstanding the marginal relevance of this information and the commercially sensitive nature of the information responsive to Staff Data Request No. 90, MDU Resources is willing to provide this information to Staff with additional protection under the protective order. Given the high risk of competitive harm from disclosure of this information to its competitors, and the significant risk of harm from an inadvertent disclosure of this information, however, MDU Resources is not willing to provide this information to other parties in this case.

11. Additionally, MDU Resources requests that the Commission require Staff to destroy all copies of the model within 30 days after conclusion of this proceeding. It is possible that the model will be loaded onto the computers of numerous Staff personnel. The risk of inadvertent disclosure will persist and increase if it is left there on these computers after the proceeding is concluded. Moreover, Staff will have no legitimate need to use the model after this proceeding is concluded.

For all the foregoing reasons, MDU Resources requests entry of an order under paragraph 16 of the General Protective Order permitting it to disclose information responsive to Staff Data Request 90 to Staff only, and requiring Staff to destroy all copies of such information within 30 days after conclusion of this proceeding by entry of a final order.

DATED: March 1, 2007.

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By 
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Attorneys for MDU Resources Group, Inc.

CERTIFICATE OF SERVICE

I certify that I have this day served the Motion for Additional Protection Under General Protective Order by causing a copy to be sent by electronic and U.S. Mail to:

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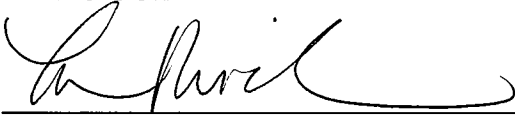
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