ATTACHMENT 02

TO APPLICATION

(PRESS RELEASE AND CUSTOMER NOTICE)

NEWS RELEASE

INTERMOUNTAIN® GAS COMPANY
A Subsidiary of MDU Resources Group, Inc.

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Intermountain Gas Company files for an overall decrease to its prices

BOISE, IDAHO – ***August 12, 2016*** – Intermountain Gas Company made two filings with the Idaho Public Utilities Commission that, if approved, will affect the rate customers pay for natural gas. The company filed its annual Purchase Gas Adjustment (PGA) and an additional application requesting an increase to its general base rates. If both applications are approved, the net effect to its customers is an overall average decrease of 3.05 percent or $7 million less annually as compared to the company's current rates.

"Intermountain Gas prides itself on keeping expenses low and finding the best options possible in acquiring natural gas to ensure our customers have safe and reliable service at the lowest price possible," said Scott Madison, executive vice president of Intermountain Gas. "We are happy to provide a significant discount in our natural gas prices as outlined in our PGA. We also believe our general rate request is reasonable in order to continue to provide a safe and reliable distribution system for our growing customer base. We have been able to hold our underlying rates stable for more than 30 years but our investment in and replacement of infrastructure, combined with costs associated with mandated federal regulations, is driving the need for our requested general rate increase."

The PGA request is an overall decrease in prices of 7.11 percent or $17.2 million in annual revenues. The primary reason for the proposed decrease is a decline in the price of natural gas that Intermountain purchases for its customers. The cost of natural gas makes up the largest segment of a customer's bill and is a straight pass-through cost to customers. Intermountain Gas does not make a return on the cost of gas.

If the PGA is approved residential customers using natural gas for space heating and water heating will save an average of $3.48 or 7.55 percent per month, while customers using natural gas only for space heating will see an average decrease of $2.31 or 6.5 percent per month, based on average weather and usage. Commercial customers, on average, would see a decrease of $14.23 per month or 7.34 percent.

Intermountain's request for a general rate increase is seeking $10.2 million annually over current rates, or 4.06 percent. This is the first general rate case filing by Intermountain Gas since 1985. Over the past 31 years, Intermountain has worked diligently to keep customers' rates at the lowest levels in the region while continuing to provide quality service.

If approved, customers using natural gas for space and water heating will experience an average increase of $2.31 per month, or 4.93 percent; customers using natural gas for space heating only will realize an increase of $1.16 per month, or 3.26 percent. Commercial customers, on average, would see an increase of $12.16 per month or 6.29 percent.

"Since the acquisition by MDU Resources Group, Intermountain has found synergistic savings in a number of areas," said Nicole Kivisto, president and CEO of Intermountain Gas, as well as its three sister utility companies, all of which are under the MDU Resources Group umbrella. "We have found savings in joint senior management, a combined customer service center located in Meridian, as well as joint billing and payment processing, also located in Idaho.

"Even with these savings, however, Intermountain's customer growth and related expenses over the last 31 years necessitates the requested general rate increase."

If both of the company's applications are approved, residential customers using natural gas for space heating and water heating will save an average of $1.17 or 2.62 percent per month, while customers using natural gas only for space heating will save an average of $1.15 or 3.24 percent per month, based on average weather and usage. Commercial customers, on average, would see a decrease of $2.07 per month or 1.05 percent.

Intermountain continues to urge all its customers to use energy wisely. As part of the general rate case application, the company is proposing to implement several "Demand Side Management" (DSM) programs to better enable its customers to conserve energy. Conservation tips and information on government payment energy assistance are provided through bill inserts and on the company's website www.intgas.com. The website also outlines a number of programs and tips to help our customers' level out their energy bills over the year, and stabilize the potential impact that cold weather will have during periods of higher natural gas usage.

A Purchased Gas Cost Adjustment application is filed each year to reflect the gas costs Intermountain incurs on behalf of its customers in its sales prices. A general rate change application is filed as needed to recover changes in the cost of delivering natural gas to the customer's home or business. Both requests are subject to public review and approval by the Idaho Public Utilities Commission. A copy of the applications are available for review at the commission, the company's website at www.intgas.com as well as the commission's homepage at www.puc.idaho.gov . Customers may also subscribe to the commissions RSS feed to receive periodic updates via email.

Intermountain Gas Company is a natural gas distribution company serving approximately 339,000 residential, commercial and industrial customers in 75 communities in southern Idaho. Intermountain is a subsidiary of MDU Resources Group, Inc., a diversified natural resources enterprise traded on the New York Stock Exchange as "MDU." For more information about MDU Resources, visit the company's website at www.mdu.com. For more information about Intermountain, visit www.intgas.com

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