



MDU RESOURCES

GROUP, INC.

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December 12, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 37 - Concept Release on
Auditor Independence and Audit Firm Rotation

Dear PCAOB Board Members:

The Audit Committee and management of MDU Resources Group, Inc. (MDU) appreciate the opportunity to comment on the PCAOB's Concept Release on Auditor Independence and Audit Firm Rotation (the "Concept Release").

MDU is a NYSE listed diversified company providing value-added natural resource products and related services that are essential to energy and transportation infrastructure. Our diversified lines of business consist of regulated electric and natural gas utilities and regulated natural gas pipelines and energy services, natural gas and oil production, construction materials and contracting and construction services.

We support the PCAOB's continued efforts to enhance audit quality and protecting the investors, however, with respect to mandatory audit firm rotation, we expect that the additional cost would be significant, both in terms of audit fees and internal staff and management's time. Such rotation would require substantial additional billable hours by the new auditing firm in the initial years of the engagement to learn the company's history, operating practices and procedures and application of accounting policies. Company personnel would have to expend a significant amount of time educating the new auditors about significant historical events, internal controls, accounting systems, significant accounting policies and transactions, etc.; creating disruption to on-going business. This learning curve gives cause for concern that audit quality in the initial years of the engagement will most likely suffer. There will be a higher risk of audit error due to the unfamiliarity of audit personnel with the business and the critical audit issues. There is also a potential for audit quality to suffer near the end of an auditor's tenure with the auditor perhaps providing a diminished level of audit and client service, as they concentrate their time and effort on obtaining new clients.

In addition, the auditing firms available to a large diversified company such as MDU are limited to mainly four firms. These firms have specialized expertise in certain industries and geographic regions.

Office of the Secretary
Public Company Accounting Oversight Board
Page 2 - December 12, 2011

The Audit Committee is charged with choosing the audit firm that they believe will perform the highest quality audit for the company and take into consideration the specialized areas of expertise of the audit firms in making this choice. Mandatory audit rotation would no longer allow the Audit Committee to necessarily make the choice of the auditor with the best available expertise to match their companies specialized business needs. In addition, non-audit services for a large diversified company such as MDU, for the most part, are limited to these same four firms. Mandatory audit rotation would create disruption to certain non-audit service as well, since a provider of non-audit services may now become the auditor.

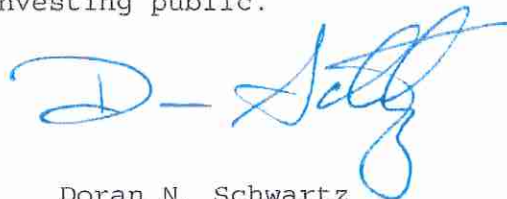
Finally, there appears to be no evidence that audit firm rotation would improve audit quality. The General Accounting Office, in November 2003, concluded that the benefits of mandatory firm rotation were not certain and that more experience with the effects of Sarbanes Oxley's other requirements was needed. The PCAOB's inspection process has uncovered audit deficiencies, and in some cases, the deficiencies appeared to have been caused, at least in part, by the failure to apply an appropriate level of professional skepticism. However, there appears to be no conclusive evidence to support that extended relationships between the company and the audit firm lead to such audit deficiencies. The Concept Release states that audit failures can also reflect a lack of technical competence or experience and the root causes of audit failures are complex and vary in nature and continue to be explored by the Board. We believe the current PCAOB inspection process provides a strong incentive for firms to perform quality audits. The firms maintain an extensive internal quality review process, and audit partner rotations are mandatory, which reinforces auditor independence and objectivity.

In conclusion, we support the PCAOB's efforts to enhance audit quality. We believe that the current regulatory and enforcement framework is effective. Therefore, we do not believe that an additional requirement of mandatory audit firm rotation can have any appreciable effect on auditor independence or the quality of the audit. We believe the inherent added cost and inefficiencies of this proposal will far outweigh any potential benefits to the investing public.

Sincerely,



Dennis W. Johnson
Chairman of the Audit Committee
MDU Resources Group, Inc.



Doran N. Schwartz
Vice President and Chief
Financial Officer
MDU Resources Group, Inc.