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MDU Resources Targeted on Coal Ash

Shareholders press coal utility to reduce coal ash-related risks after Tennessee disaster

Bismarck, ND – MDU Resources Group (MDU), a Bismarck, ND-based utility, will face a shareholder proposal questioning its coal ash storage practices at the Annual Shareholder Meeting on 27 April 2010.

Coal ash is a byproduct of burning coal that contains arsenic, mercury, lead, and other toxins. These hazardous materials are left after combustion or filtered out of smokestack scrubbers. The ash is often mixed with water and stored in enormous ponds, landfills or mines. The health and financial risks associated with managing coal ash came to light when a billion-gallon coal ash pond operated by the Tennessee Valley Authority (TVA) burst and covered over 300 acres with toxic sludge in December 2008. TVA has estimated spill-related costs at \$1.2 billion and has been the target of over 50 lawsuits since the spill.

[As You Sow](#), a shareholder advocacy group based in San Francisco, filed the proposal asking MDU to prepare a report on the company's efforts to reduce environmental and health hazards associated with coal ash ponds, impoundments and mines.

According to Amy Galland, Ph.D., Research Director at As You Sow, "Shareholders are concerned that MDU's current practices put the company, shareholders and the public at risk, and requests that MDU disclose details on how it transports and stores toxic coal ash." Risk Metrics Group, Glass Lewis, and Proxy Governance, the largest proxy advisory services in the U.S., all recommended that MDU shareholders vote "For" this resolution.

54% of MDU's electricity generation is derived from burning coal. According to the company's Sustainability Report, in 2008, MDU generated 68,855 tons of coal ash and recycled 3,370 tons. The rest, 65,485 tons, was placed either in ponds or landfills in the vicinity of the plant.

According to MDU, the coal ash "at these [coal-fired electric plants] is managed either in a wet state in ponds ... or entirely in a dry state." MDU operates four wet storage facilities, which could expose the public to risks associated with ash spills, ash sludge spills, groundwater contamination, and other environmental impacts.

"Public health concerns have been raised about both wet and dry storage. Storing and disposing of coal ash in a dry form in secure landfills with synthetic linings and impermeable caps is recognized as a 'best practice' for risk mitigation, as it minimizes the possibility of contamination or spills," notes Emily Stone, Shareholder Advocate at [Green Century Capital Management](#) (Green Century). Green Century filed a resolution at Southern Company this year on the same issue.

According to As You Sow, current standards for managing coal ash are insufficient. A 2009 article in *The New York Times* noted that "household garbage is managed much more consistently than coal combustion waste."

Galland points to MDU's reliance on current laws for coal ash storage as an indicator that the company could be at risk. "The TVA example shows us that compliance with current regulations is not enough to prevent risk. MDU's comments that its current monitoring practices are sufficient to mitigate risk are dubious at best – in fact, prior to its tragic dam breach, TVA was monitoring its CCW storage at higher rates than MDU currently uses. MDU must increase its disclosure on this issue so that shareholders are assured that the company is going beyond compliance to reduce environmental risk."

After the TVA spill and the resulting public outcry, the U.S. Environmental Protection Agency (EPA) recently announced that it is evaluating the classification of coal ash as a hazardous waste.

Galland notes, "MDU provides no information to its shareholders on its ability to withstand the significant cost increases that could be imposed by new regulations. This shareholder proposal asks for transparency on these serious financial and environmental risks that are directly related to MDU's core business practices."

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As You Sow is a non-profit organization dedicated to promoting corporate accountability, social justice and environmental protection. Its Corporate Social Responsibility Program is one of the nation's leading proponents of shareholder advocacy and provides shareholder dialogue, resolution and solicitation management services to the non-profit socially responsible investment and foundation communities. As You Sow is based in San Francisco, California.