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## MDU Resources Group Inc. Q3 2009 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions) Your first question comes from Paul Ridzon - KeyBanc.

**Paul Ridzon - KeyBanc**

What impact on the DD&A rate will the Bakken sale have?

**Steve Bietz**

At this point our DD&A rate on a go forward basis is expected to be similar to what it was in the third quarter of this?

**Paul Ridzon - KeyBanc**

So, no big impact?

**Steve Bietz**

No.

**Paul Ridzon - KeyBanc**

Construction Materials, how much stimulus spending is related to the backlog? How much backlog is related to stimulus?

**Vernon Raile**

Right now I would say I don't have the exact figures, but it would be in the neighborhood of 25% to 30%.

**Paul Ridzon - KeyBanc**

25% to 30%?

**Vernon Raile**

Yes.

**Operator**

Your next question comes from Paul Paterson - Glenrock Associates.

**Paul Paterson - Glenrock Associates**

The cost cutting that you guys have done is really quite impressive. How sustainable is it I guess. Is there any amount of that is being deferred in to future years and or could you just it elaborate a little bit on that, what the outlook is on that, I mean clarify a little bit on that?

**Terry Hildestad**

We have looked at cost cutting across, really all of the business units, including corporate and we have made cost reductions that we think are sustainable there that are going to position us very well as this economy turns around, so for the most part, the cost cutting, certainly in the SG&A area is sustainable. Bill, I don't know if you want elaborate on that, we have some direct costs related to people out in the field as far as our overall employee count, but the SG&A costs are sustainable cuts.

**Bill Schneider**

I would add to what Terry said is structurally our cost cut structure is going to maintain itself on a go forward basis. The vast majority we have cut about \$102 million of worth cost out of in the first nine months compared to last year and we expect that number to grow. The vast majority of that, Paul, will continue to one area we'll have some exposure on a go forward basis on cost cutting will be on diesel prices going in to next year, but we have at least half of our consumption on track, so right now we're thinking this is very sustainable in terms of what our cost cuts have been thus far.

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