

**CASCADE NATURAL GAS CORPORATION GENERAL RATE CASE
Docket UG-21_____**

ATTACHMENT I: AFFILIATED INTEREST

September 30, 2021

Attachment I: Index

The attachment contains files associated with the Company's affiliate transaction data as required per WAC 480-07-510(3)(g). The Excel files are voluminous and are provided in an electronic format.

Excel files:

NEW CNGC Attch I, CNGC Affiliate 2020, 9.30.21.xlsx
NEW CNGC Attch I, MDUR Allocations, 9.30.21.xlsx
NEW CNGC Attch I, UG Summary of Allocations, 9.30.21.xlsx

CASCADE NATURAL GAS CORPORATION
 2020 Affiliated Interest Report and Subsidiary Transactions report to the
 Washington Utilities and Transportation Commission

This report provides the information required per WAC 480-90-264 for the 2020 calendar year.

- WAC 480-90-264 (1) – The affiliated interest and subsidiary transaction report must include a corporate organizational chart of the utility and its affiliated interest and subsidiaries.**

See the attached organizational chart.

- WAC 480-90-264 (1) – Provide a summary of all transactions, except transactions at tariff rates, that occurred between the utility and its affiliated interests and the utility and its subsidiaries.**

MDU Resources Group, Inc.			
Account	Description	Total Company	Total Washington
	MDU/MDUR Consulting-Cap Exp	2,184,453.37	1,639,432.25
426.1	Donations	109,290.32	82,022.37
426.2	Life Insurance	(632,242.27)	(474,497.76)
426.4	Political Activities	269,947.32	202,595.45
426.5	Other Deductions	-	-
813	Other Gas Supply Expenses	168,596.43	126,531.63
870	Operation Supervision and Engineering	2,509,308.94	2,179,497.17
872	Compressor Station Operating Expense	27,085.26	20,327.47
874	Mains & Services Expenses	30,000.39	22,514.90
875	Measuring & Regulating Station Expenses General	123,731.75	92,860.69
878	Meter & Housing Regulator Expenses	-	-
880	Other Expenses	1,056,893.70	792,854.19
881	Rents	100,867.10	83,964.63
885	Maintenance Supervision and Engineering	38,640.89	28,997.25
887	Maintenance Mains	139,227.44	120,962.28
887.1	Pipeline Integrity	516.44	387.57

892	Maintenance of Services	19.65	14.75
894	Maintenance of Other Equipment	37,256.76	27,916.32
901	Supervision	44,563.98	33,445.26
902	Meter Reading Expenses	227,136.54	170,465.97
903	Customer Records & Collection Expenses	5,167,903.96	3,878,511.75
904	Uncollectible Accounts	1,296,799.10	984,088.58
908	Customer Assistance Expenses	71,018.03	53,716.72
909	Informational & Instructional Advertising Expenses	50,881.34	39,317.41
920	Administrative & General Salaries	7,539,241.80	5,658,201.25
921	Office Supplies & Expenses	4,171,910.62	3,131,204.67
922	Administrative Expenses Transferred Credit	-	-
923	Outside Services Employed	463,589.12	342,588.68
925	Injuries & Damages	36,487.99	33,458.12
926	Employee Pensions & Benefits	73,908.20	55,468.17
930.1	General Advertising Expenses	180,021.62	135,106.23
930.2	Misc. General Expenses	519,457.61	389,852.94
931	Rents	1,335,485.43	1,002,281.87
932	Maintenance of general plant	873.96	655.91
	Grand Total	\$ 27,342,872.79	20,854,744.69

Affiliate/Subsidiary	Total Company	Total Washington
Future Source Capital Corp.	\$364.00	\$272.60
Knife River Corporation	\$90,696.08	\$0.00
Montana-Dakota Utilities Co.	\$14,617,736.75	\$10,947,223.05
MDU Resources Group, Inc.	\$7,005,211.50	\$5,246,202.89
Intermountain Gas Company	\$1,401,392.83	\$1,049,503.09
Centennial Holdings Capital LLC	\$1,642,978.81	\$1,230,426.83

3. **WAC 480-90-264(2)** – When total transactions with an affiliated interest or subsidiary equal or exceed one hundred thousand dollars, the utility must provide:

(a) A balance sheet and income statement for such affiliated interest.

Below are the Income Statements and Balance Sheets for each company where transactions with Cascade Natural Gas Corporation exceeded \$100,000 in 2020.

MDU Resources Group, Inc.

Year ended December 31,	2020
Balance sheet data (000's)	
ASSETS	
Current assets:	
Cash and cash equivalents	\$8,781
Receivables, net	4,865
Accounts rec from subsidiaries	50,539
Inventories	
Prepayments and other current assets	1612
Total Current Assets	\$65,797
Noncurrent Assets	
Investments	52,000
Investments in subsidiaries	3,069,956
Deferred income taxes	9,691
Operating lease right-of-use assets	56
Other	28,866
Total noncurrent assets	3,160,569
Total identifiable assets	\$3,226,366
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Operating lease liab. due within one year	40
Accounts payable	2,135
Accts pay to subsidiaries	5,412
Taxes payable	4,056
Dividends payable	42,611
Accrued compensation	7,825
Other accrued liabilities	6,881
	68,960
Long-term debt	
Deferred credits and other liabilities:	
Operating lease liabilities	16
Other	78,285
Total deferred credits and other liabilities	78,301

75,969	
Stockholders' equity:	
Preferred stocks	
Common stock	201,061
Other paid-in capital	1,371,385
Retained earnings	1,558,363
Accumulated other comprehensive loss	(48,078)
Treasury stock at cost – 538,921 shares	(3,626)
Total stockholders' equity:	3,079,105
Total liabilities and stockholders' equity	3,226,366

Year ended December 31,	2020
Income statement data (000's)	
Operating revenues	\$ 0
Operating expenses	0
Operating income	0
Other income	0
Interest expense	0
Income (loss) before taxes	0
Income taxes	0
Net Income from cont. ops.	\$ 0

Intermountain Gas Company

Year ended December 31,	2020
Balance sheet data (000's)	
Property, plant and equipment	\$812,567
Less accumulated depreciation, depletion and amortization	293,136
	519,431
Deferred charges and other assets:	14,221
Total identifiable assets	\$533,652

Year ended December 31,	2020
Income statement data (000's)	
Operating revenues	\$249,075
Operating expenses:	

Purchased natural gas sold	136,068
Operations	56,590
Depreciation and amortization	23,182
Taxes other than income	11,062
Total operating expenses	226,902
Operating income	22,173
Other income (loss)	-2716
Interest expense	5,968
Income (loss) before taxes	13,489
Income taxes	2,858
Net Income	\$10,631

Montana-Dakota Utilities Co.

Year ended December 31,	2020
Balance sheet data (000's)	
Property, plant and equipment	\$3,110,889
Less accumulated depreciation, depletion and amortization	1,002,739
	2,108,150
Deferred charges and other assets:	282,045
Total identifiable assets	\$2,390,195

Year ended December 31,	2020
Income statement data (000's)	
Operating revenues	\$596,331
Operating expenses:	
Fuel and purchased power	66,941
Purchased natural gas sold	144,337
Operations	183,348
Depreciation and amortization	89,607
Taxes other than income	30,176
Total operating expenses	514,409
Operating income	81,922
Other income (loss)	11,993
Interest expense	35,051
Income (loss) before taxes	58,864
Income taxes	-10,773
Net Income	\$69,637

Centennial Holdings Capital LLC

Year ended December 31,	2020
Balance sheet data	
Property, plant and equipment	\$37,544,782
Less accumulated depreciation, depletion and amortization	13,644,773
	23,900,009
Non-current investments	
Deferred charges and other assets:	153,269
Total identifiable assets	\$24,053,278

Year ended December 31,	2020
Income statement data (000's)	
Operating revenues	\$11,903,481
Operating expenses:	
Operations	12,513,862
Depreciation and amortization	2,704,122
Taxes other than income	109,214
Gain on dis. Of property	13,350
Loss on dis. Of property	
Total operating expenses	15,340,548
Operating income	-3,437,067
Other income (loss)	457882
Interest expense	
Income (loss) before taxes	-2,979,185
Income taxes	-320,022
Net Income	(\$2,659,163)

(b) A description of the products or services provided to or from the utility and each such affiliated interest or subsidiary.

- MDU Resources Group, Inc, the parent Company to Cascade Natural Gas Corporation, provides management/consulting/legal services to Cascade Natural Gas Corporation.

- Montana-Dakota Utilities Co. (MDU) – Cascade provides 24/7 gas control monitoring of MDU’s distribution system and provides notification to the appropriate personnel when a problem is detected.
 - Intermountain Gas Co. (IGC) - Cascade provides 24/7 gas control monitoring of IGC’s distribution system and provides notification to the appropriate personnel when a problem is detected.
 - Centennial Holdings Capital LLC carries various liability insurance policies on behalf of Cascade Natural Gas Corporation.
- (c) A description of the Pricing Basis or Costing Method, and procedures for allocating costs for such products or services, and the amount and the accounts charged during the year.**

See the attached Intercompany Administrative Services Agreement for costing method procedures regarding MDU Resources Group, Inc.

- (d) A Description of Terms of any Loans between the utility and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year.**

No loans were made to an affiliate or subsidiary during 2020.

- (e) A Description of the terms and total amount of any obligation or liability assumed by the utility for each such affiliated interest or subsidiary.**

None.

- (f) A Description of the activities of each such affiliated interest or subsidiary with which the utility has transactions.**

- MDU Resources Group, Inc, the parent Company to Cascade Natural Gas Corporation, provides management/consulting/legal services to Cascade Natural Gas Corporation.
- Montana-Dakota Utilities Co. (MDU) – Cascade provides 24/7 gas control monitoring of MDU’s distribution system and provides notification to the appropriate personnel when a problem is detected.
- Intermountain Gas Co. (IGC) - Cascade provides 24/7 gas control monitoring of IGC’s distribution system and provides notification to the appropriate personnel when a problem is detected.
- Centennial Holdings Capital LLC carries various liability insurance policies on behalf of Cascade Natural Gas Corporation.

- (g) A List of all common officers and Directors between the gas utility and each such affiliated interest or subsidiary, along with their titles in each organization.**

Please see the attached lists.

Attachments

Cascade Natural Gas Corporation

Primary Address

8113 West Grandridge Boulevard
Kennewick, Washington 99336-7166

Management Name

Goodin, David L.
Kivisto, Nicole A.
Liepitz, Karl A.
Vollmer, Jason L.
Chiles, Mark A.
Darras, Patrick C.
Gilchrist, Hart

Goodin, David L.
Jones, Anne M.
Kivisto, Nicole A.
Liepitz, Karl A.
Link, Margaret (Peggy) A.
Madison, Scott W.

Mann, Allison R.
Martuscelli, Eric P.
Nygard, Tammy J.
Senger, Dustin J.
Senger, Garret

Title

Director
Director
Director
Director
Vice President - Regulatory Affairs and Customer Service
Vice President – Engineering and Operations Services
Vice President - Safety, Process Improvement and
Operations Systems
Chair of the Board
Vice President - Human Resources
President and Chief Executive Officer
General Counsel and Secretary
Chief Information Officer
Executive Vice President - Business Development and Gas
Supply
Assistant Secretary
Vice President – Field Operations
Controller
Treasurer
Executive Vice President - Regulatory Affairs, Customer
Service and Administration

Montana-Dakota Utilities Co.

Primary Address

400 North Fourth Street
Bismarck, North Dakota 58501-4092

Management Name

Goodin, David L.
Kivisto, Nicole A.
Liepitz, Karl A.
Vollmer, Jason L.
Chiles, Mark A.
Darras, Patrick C.
Gilchrist, Hart

Goodin, David L.
Jones, Anne M.
Kivisto, Nicole A.
Liepitz, Karl A.
Link, Margaret (Peggy) A.
Madison, Scott W.

Mann, Allison R.
Martuscelli, Eric P.
Nygard, Tammy J.
Senger, Dustin J.
Senger, Garret

Skabo, Jay

Title

Director
Director
Director
Director
Vice President - Customer Service
Vice President – Engineering and Operations Services
Vice President - Safety, Process Improvement and
Operations Systems
Chair of the Board
Vice President - Human Resources
President and Chief Executive Officer
General Counsel and Secretary
Chief Information Officer
Executive Vice President - Business Development and Gas
Supply
Assistant Secretary
Vice President – Field Operations
Controller
Treasurer
Executive Vice President - Regulatory Affairs, Customer
Service and Administration
Vice President - Electric Supply

MDU Resources Group, Inc.

Primary Address

1200 West Century Ave
Bismarck, North Dakota 58503

Management Name

Everist, Thomas
Fagg, Karen B.
Goodin, David L.
Hellerstein, Mark A.
Johnson, Dennis W.
Moss, Patricia L.
Ryan, Edward A.
Sparby, David M.
Wang, Chenxi
Wilson, John K.
Barth, Stephanie A.

Goodin, David L.
Jones, Anne M.
Krause, Danielle (Dani) M.
Liepitz, Karl A.
Link, Margaret (Peggy) A.
Riehl, Adrienne L.
Senger, Dustin J.
Vollmer, Jason L.

Title

Director
Director
Director
Director
Director and Chair of the Board
Director
Director
Director
Director
Director
Vice President, Chief Accounting Officer and
Controller
President and Chief Executive Officer
Vice President - Human Resources
Assistant Secretary
Vice President, General Counsel and Secretary
Vice President and Chief Information Officer
Assistant Secretary
Treasurer
Vice President and Chief Financial Officer

Intermountain Gas Company

Primary Address

555 South Cole Road
Boise, Idaho 83709

Management Name

Goodin, David L.
Kivisto, Nicole A.
Liepitz, Karl A.
Vollmer, Jason L.
Chiles, Mark A.
Darras, Patrick C.
Gilchrist, Hart

Goodin, David L.
Jones, Anne M.
Kivisto, Nicole A.
Liepitz, Karl A.
Link, Margaret (Peggy) A.
Madison, Scott W.

Mann, Allison R.
Martuscelli, Eric P.
Nygard, Tammy J.
Senger, Dustin J.
Senger, Garret

Title

Director
Director
Director
Director
Vice President - Regulatory Affairs and Customer Service
Vice President - Engineering and Operations Services
Vice President - Safety, Process Improvement and Operations
Systems
Chair of the Board
Vice President - Human Resources
President and Chief Executive Officer
General Counsel and Secretary
Chief Information Officer
Executive Vice President - Business Development and Gas
Supply
Assistant Secretary
Vice President - Field Operations
Controller
Treasurer
Executive Vice President - Regulatory Affairs, Customer
Service and Administration

Centennial Holdings Capital LLC

Management Name

Goodin, David L.
Liepitz, Karl A.
Vollmer, Jason L.
Goodin, David L.

Liepitz, Karl A.
Senger, Dustin J.
Vollmer, Jason L.

Title

Manager
Manager
Manager
Chair of the Board, President and Chief
Executive Officer
General Counsel and Secretary
Treasurer
Vice President

**AMENDMENT TO INTERCOMPANY
ADMINISTRATIVE SERVICES AGREEMENT**

This Amendment To Intercompany Administrative Services Agreement (hereinafter the "Amendment") is made and entered into effective as of March 18, 2009, by and between MDU Resources Group, Inc., and its utility divisions and subsidiaries that are a party to this Agreement.

RECITALS

A. WHEREAS, MDU Resources Group, Inc., Montana-Dakota Utilities Co., a division of MDU Resources Group, Inc., Great Plains Natural Gas Co., a division of MDU Resources Group, Inc., and Cascade Natural Gas Corporation entered into that certain Intercompany Administrative Services Agreement dated July 2, 2007 (the "Agreement").

B. WHEREAS, subsequent to the parties executing the Agreement, MDU Resources Group, Inc. acquired the issued and outstanding stock of Intermountain Gas Company.

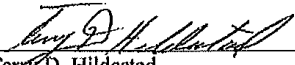
C. WHEREAS, the parties wish to amend the Agreement to include Intermountain Gas Company as a party to the Agreement.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration receipt of which is hereby acknowledged, the parties agree as follows:

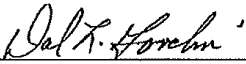
1. **Amendment to the Agreement.** The defined terms "Utility" and "Utilities" shall be amended to include Montana-Dakota Utilities Co., a division of MDU Resources Group, Inc., Great Plains Natural Gas Co., a division of MDU Resources Group, Inc., Cascade Natural Gas Corporation, and Intermountain Gas Company.
2. **Effective Date.** This Amendment shall be effective as of the date set forth above; provided, however, that in those jurisdictions in which regulatory approval is required before the Amendment becomes effective, the effective date shall be as of the date of such approval.
3. **Other Terms Unchanged.** Except as expressly modified or amended by this Amendment, all of the terms and conditions of the Agreement remain in full force and effect.
4. **Execution in Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date and year first above written.

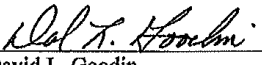
MDU RESOURCES GROUP, INC.

By:  ^{DK}
Terry D. Hildestad
President and Chief Executive Officer

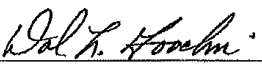
MONTANA-DAKOTA UTILITIES CO.,
a division of MDU Resources Group, Inc. ^{DK}

By: 
David L. Goodin
President and Chief Executive Officer

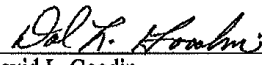
GREAT PLAINS NATURAL GAS CO.,
a division of MDU Resources Group, Inc. ^{DK}

By: 
David L. Goodin
President and Chief Executive Officer

CASCADE NATURAL GAS CORPORATION,
a subsidiary of MDU Resources Group, Inc.

By:  ^{DK}
David L. Goodin
President and Chief Executive Officer

INTERMOUNTAIN GAS COMPANY,
a subsidiary of MDU Resources Group, Inc.

By:  ^{DK}
David L. Goodin
President and Chief Executive Officer

INTERCOMPANY ADMINISTRATIVE SERVICES AGREEMENT

BY and AMONG

MDU Resources Group, Inc.

AND

Its Utility Business Units

This Intercompany Administrative Services Agreement ("Agreement") is entered into effective as of July 2, 2007 by and among MDU Resources Group, Inc. (hereinafter the "Company") and its utility divisions and subsidiaries party to this Agreement (hereinafter a "Utility" or the "Utilities") (each a "Party" and together the "Parties").

WHEREAS, the Company provides senior management, executive oversight and other administrative services that provide value to and benefit the Utilities;

WHEREAS, the Utilities have access to professional, technical and other specialized resources that the Company may wish to utilize from time to time in the provision of administrative services; and

WHEREAS, the Company and the Utilities may desire to utilize the professional, technical and other specialized resources of the others.

NOW, THEREFORE, in consideration of the premises and mutual agreements set forth herein, the Company and the Utilities agree as follows:

ARTICLE 1. PROVISION OF ADMINISTRATIVE SERVICES

Upon and subject to the terms of this Agreement, services will be provided between and among the Company and the Utilities that are not directly applicable to the production, distribution or sale of a product or service available to customers of the Utilities ("Administrative Services"). For purposes of this Agreement, Administrative Services shall include, but not be limited to the following:

- a) services by the Board of Directors, and executive, management, professional, technical and clerical employees;
- b) financial and accounting services, corporate governance and compliance services, legal services, audit services, information and technology services, treasury services, investor relations services, governmental and regulatory services, human resources services, communications services, payroll processing services, employee benefits participation, procurement and fleet management, tax and related services, contract negotiation and administration services, insurance and risk management services, environmental services and engineering and technical services;
- c) the use of office facilities, including but not limited to office space, furniture, equipment, machinery, supplies, computers and computer software, communications equipment, insurance policies and other personal property;
- d) the use of automobiles, airplanes, other vehicles and equipment;

To obtain specialized expertise or to achieve efficiencies, the following situations may arise under this Agreement whereby Administrative Services may be provided between and among the Company and its Utilities,

- a) The Company may directly assign or allocate Administrative Services costs, common costs, or costs incurred for the benefit of the Utility or Utilities, to a Utility or the Utilities,
- b) The Company may procure Administrative Services from a Utility or the Utilities for the Company's benefit,
- c) The Company may procure Administrative Services from a Utility or the Utilities for subsequent allocation to some or all the Utilities commonly benefiting, or
- d) The Utilities may procure Administrative Services from each other or agree to directly assign or allocate common costs to each other.

ARTICLE 2. DEFINITIONS

For purposes of this Agreement these terms shall be defined as follows:

- (a) "Laws" shall mean any law, statute, rule, regulation or ordinance.
- (b) "State Commissions" shall mean any state public utility commission or state public service commission with jurisdiction over a Utility.
- (c) "Utilities" shall mean current and future direct and indirect major-owned electric and natural gas utilities of the Company including its utility divisions.

ARTICLE 3. EFFECTIVE DATE

This Agreement shall be effective as of the date set forth above; provided, however, that in those jurisdictions in which regulatory approval is required before the Agreement becomes effective, the effective date shall be as of the date of such approval.

ARTICLE 4. CHARGES AND PAYMENT

(a) CHARGES.

Parties shall charge for Administrative Services on the following basis:

- (i) Direct Assignment: The cost of an Administrative Service incurred specifically for a Party ("Recipient Party") will be directly assigned to that Party by the Party providing the Administrative Services ("Providing Party"), including, but not limited to, allocable salary and wages, incentives, paid absences, payroll taxes, payroll additives (insurance premiums, health care and retirement benefits and the like), direct non-labor costs, if any, and similar expenses, and reimbursement of out-of-pocket third party costs and expenses.
- (ii) Service Charges: Service Charges will be assessed for costs that are impractical to assign directly but for which a cost/benefit relationship can be reasonably identified between the Administrative Service and the Recipient Party. A practical allocation method will be established by Providing Party that allocates the cost of this service equitably and consistently to the Recipient Party.
- (iii) Allocations: Costs incurred for the general benefit of the entire utilities group for which direct charging and service charges are not practical will be allocated to the Parties. An allocation methodology will be established and used consistently from year to year.

The charges constitute full compensation to the Providing Party for all charges, costs and expenses incurred by the Providing Party on behalf of the Recipient Party in providing the Administrative Services, unless otherwise specifically agreed to in writing between the Parties.

If events or circumstances arise which, in the opinion of the Parties, render the costs of providing any Administrative

Services materially different from those charged under a specific rate or formula then in effect, the specific rate or formulas shall be equitably adjusted to take into account such events or changed circumstances.

Providing Parties will bill each and all Recipient Parties, as appropriate, for Administrative Services rendered under this Agreement in as specific a manner as practicable. To the extent that direct charging for services rendered is not practicable, the Providing Party may utilize allocation methodologies to assign charges for services rendered to the Recipient Party, reflective of the drivers of such costs. Such allocation methodologies may utilize allocation bases that include, but are not limited to: capitalization, employee labor, employee counts, assets, and multi-factor allocation formulae.

Any cost allocation methodology for the assignment of corporate and affiliate costs will comply with the following principles:

- i) For Administrative Services rendered to a Utility or each cost category subject to allocation to a Utility, the Providing Party must be able to demonstrate that such service or cost category is reasonable for the Utility for the performance of its regulated operations, is not duplicative of Administrative Services already being performed within the Utility, and is reasonable and prudent.
- ii) Parties must maintain records sufficient to specifically identify costs subject to allocation, particularly with respect to their origin. In addition, the records must be adequately supported in a manner sufficient to justify recovery of the costs in rates of the Utility.
- iii) It is the responsibility of the Utility Parties to this Agreement to ensure that costs which would have been denied recovery in rates had such costs been directly incurred by the regulated operation are appropriately identified and segregated in the books of the regulated operation.

(b) PAYMENT.

(i) Each Providing Party shall bill the Recipient Party monthly for all charges pursuant to this Agreement via billings directly to the Recipient Party or through the Company. Full payment for all Administrative Services shall be made by the end of the calendar month following the intercompany charge. Charges shall be supported by reasonable documentation, which may be maintained in electronic form.

(ii) The Parties shall make adjustments to charges as required to reflect the discovery of errors or omissions or changes in the charges. The Parties shall conduct a true-up process as appropriate to adjust charges based on reconciliation of amounts charged and costs incurred.

ARTICLE 5. GENERAL OBLIGATIONS: STANDARD OF CARE

Utility Parties will comply with all applicable State and Federal Laws regarding affiliated interest transactions, including timely filing of applications and reports. The Parties agree not to cross-subsidize between the rate-regulated and non-rate-regulated businesses or between any rate-regulated businesses, and shall comply with any applicable State Commission Laws and orders. Subject to the terms of this Agreement, the Parties shall perform their obligations hereunder in a commercially reasonable manner.

ARTICLE 6. TAXES

Each Party shall bear all taxes, duties and other similar charges except taxes based upon its gross income (and any related interest and penalties), imposed as a result of its receipt of Administrative Services under this Agreement, including without limitation sales, use, and value-added taxes.

ARTICLE 7. ACCOUNTING AND AUDITING

Parties shall maintain such books and records as are necessary to support the charges for Administrative Services, in sufficient detail as may be necessary to enable the Utilities to satisfy applicable regulatory requirements ("Records"). All Parties:

(a) shall provide access to the Records at all reasonable times;

(b) shall maintain the Records in accordance with good record management practices and with at least the same degree of completeness, accuracy and care as it maintains for its own records; and

Subject to the provisions of this Agreement, Records supporting intercompany billings shall be available for inspection and copying by any qualified representative or agent of a Party, at the expense of the inquiring Party. In addition, State Commission staff or agents may audit the accounting records of Providing Parties that form the basis for charges to Utilities, to determine the reasonableness of allocation factors used by the Providing Party to assign costs to the Recipient Party and amounts subject to allocation or direct charges. All Parties agree to cooperate fully with such audits.

ARTICLE 8. BUDGETING

In advance of each budget year, Providing Parties shall prepare and deliver to the Recipient Parties, for their review and approval, a proposed budget for Administrative Services to be performed during that year. The approved schedule of budgeted Administrative Services shall evidence the base level of Administrative Services. The schedule shall be updated at least annually. Each Party shall promptly notify the other Party in writing of any requested material change to the budget costs for any service being provided.

ARTICLE 9. COOPERATION WITH OTHERS

The Parties will use good faith efforts to cooperate with each other in all matters relating to the provision and receipt of Administrative Services. Such good faith cooperation will include providing electronic access in the same manner as provided other vendors and contractors to systems used in connection with Administrative Services and using commercially reasonable efforts to obtain all consents, licenses, sublicenses or approvals necessary to permit each Party to perform its obligations. Each Party shall make available to the other Party any information required or reasonably requested by the other Party regarding the performance of any Administrative Service and shall be responsible for timely providing that information and for the accuracy and completeness of that information; provided, however, that a Party shall not be liable for not providing any information that is subject to a confidentiality obligation owed by it to a person or regulatory body other than an affiliate of it or the other Party. Either Party shall not be liable for any impairment of any Administrative Service caused by it not receiving information, either timely or at all, or by it receiving inaccurate or incomplete information from the other Party that is required or reasonably requested regarding that Administrative Service. The Parties will cooperate with each other in making such information available as needed in the event of any and all internal or external audits, utility regulatory proceedings, legal actions or dispute resolution. Each Party shall fully cooperate and coordinate with each other's employees and contractors who may be awarded other work. The Parties shall not commit or permit any act, which will interfere with the performance of or receipt of Administrative Services by either Party's employees or contractors.

ARTICLE 10. COMPLIANCE WITH ALL LAWS

Each Party shall be responsible for (i) its compliance with all laws and governmental regulations affecting its business, including but not limited to, laws and governmental regulations governing federal and state affiliate transactions, workers' compensation, health, safety and security, and (ii) any use it may make of the Administrative Services to assist it in complying with such laws and governmental regulations.

ARTICLE 11. LIMITATION OF LIABILITY

Notwithstanding any other provision of this Agreement and except for (a) rights provided under Article 12 in connection with Third-Party Claims, (b) direct or actual damages as a result of a breach of this Agreement, and (c) liability caused by

a Party's negligence or willful misconduct, no Party nor their respective directors, officers, employees and agents, will have any liability to any other Party, or their respective directors, officers, employees and agents, whether based on contract, warranty, tort, strict liability, or any other theory, for any indirect, incidental, consequential, special damages, and no Party, as a result of providing a Service pursuant to this Agreement, shall be liable to any other Party for more than the cost of the Administrative Service(s) related to the claim or damages.

ARTICLE 12. INDEMNIFICATION

Each of the Parties will indemnify, defend, and hold harmless each other Party, members of its Board of Directors, officers, employees and agents against and from any third-party claims resulting from any negligence or willful misconduct of a Party's employees, agents, representatives or subcontractors of any tier, their employees, agents or representatives in the performance or nonperformance of its obligations under this Agreement or in any way related to this Agreement. If a Third-Party claim arising out of or in connection with this Agreement results from negligence of multiple Parties (including their employees, agents, suppliers and subcontractors), each Party will bear liability with respect to the Third-Party Claim in proportion to its own negligence.

ARTICLE 13. DISPUTE RESOLUTION

The Parties shall promptly resolve any conflicts arising under this Agreement and such resolution shall be final. If applicable, adjustments to the charges will be made as required to reflect the discovery of errors or omissions in the charges. If the Parties are unable to resolve any service, performance or budget issues or if there is a material breach of this Agreement that has not been corrected within ninety (90) days, representatives of the affected Parties will meet promptly to review and resolve those issues in good faith.

ARTICLE 14. TERMINATION FOR CONVENIENCE

A Party may terminate its participation in this Agreement either with respect to all, or with respect to any one or more, of the Administrative Services provided hereunder at any time and from time to time, for any reason or no reason, by giving notice of termination at least sixty (60) days in advance of the effective date of the termination to enable the other Party to adjust its available staffing and facilities. In the event of any termination with respect to one or more, but less than all, Administrative Services, this Agreement shall continue in full force and effect with respect to any Administrative Services not terminated hereby. If this Agreement is terminated in whole or in part, the Parties will cooperate in good faith with each other in all reasonable respects in order to effect an efficient transition and to minimize the disruption to the business of all Parties, including the assignment or transfer of the rights and obligations under any contracts. Transitional assistance service shall include organizing and delivering records and documents necessary to allow continuation of the Administrative Services, including delivering such materials in electronic forms and versions as reasonably requested by the Party.

ARTICLE 15. CONFIDENTIAL INFORMATION NONDISCLOSURE

To the fullest extent allowed by law, the provision of any Administrative Service or reimbursement for any Administrative Service provided pursuant to this Agreement shall not operate to impair or waive any privilege available to either Party in connection with the Administrative Service, its provision or reimbursement for the Administrative Service.

All Parties will maintain in confidence Confidential Information provided to each other in connection with this Agreement and will use the Confidential Information solely for the purpose of carrying out its obligations under this Agreement. The term Confidential Information means any oral or written information, (including without limitation, computer programs, code, macros or instructions) which is made available to the Company, its Utilities or one of its representatives, regardless of the manner in which such information is furnished. Confidential Information also includes the following:

- a. All information regarding the Administrative Services, including, but not limited to, price, costs, methods of operation and software, shall be maintained in confidence.

b. Systems used to perform the Administrative Services provided hereunder are confidential and proprietary to the Company, its Utilities or third party vendors. Parties shall treat these systems and all related procedures and documentation as confidential and proprietary to the Company, the Utilities or its third party vendors.

c. All systems, procedures and related materials provided to either Party are for its internal use only and only as related to the Administrative Services or any of the underlying systems used to provide the Administrative Services.

Notwithstanding anything in this Article 15 to the contrary, the term "Confidential Information" does not include any information which (i) at the time of disclosure is generally available to and known by the public (other than as a result of an unpermitted disclosure made directly or indirectly by a Party), (ii) was available to a Party on a nonconfidential basis from another source (provided that such source is not or was not bound by a confidentiality agreement with a Party or had any other duty of confidentiality to a Party), or (iii) has been independently acquired or developed without violating any of the obligations under this Agreement.

The Parties shall use good faith efforts at the termination or expiration of this Agreement to ensure that all user access and passwords are cancelled.

All Confidential Information supplied or developed by a Party shall be and remain the sole and exclusive property of the Party who supplied or developed it.

ARTICLE 16. PERMITTED DISCLOSURE

Notwithstanding provisions of this Agreement to the contrary, each Party may disclose Confidential Information (i) to the extent required by a State Commission, a court of competent jurisdiction or other governmental authority or otherwise as required by law, including without limitation disclosure obligations imposed under the federal securities laws, provided that such Party has given the other Party prior notice of such requirement when legally permissible to permit the other Party to take such legal action to prevent the disclosure as it deems reasonable, appropriate or necessary, or (ii) on a "need-to-know" basis under an obligation of confidentiality to its consultants, legal counsel, affiliates, accountants, banks and other financing sources and their advisors.

ARTICLE 17. SUBCONTRACTORS

To the extent provided herein, the Parties shall be fully responsible for the acts or omissions of any subcontractors of any tier and of all persons employed by such subcontractors and shall maintain complete control over all such subcontractors. It being understood and agreed that nothing contained herein shall be deemed to create any contractual relation between the subcontractor of any tier and the Parties.

ARTICLE 18. NONWAIVER

The failure of a Party to insist upon or enforce strict performance of any of the terms of this Agreement or to exercise any rights herein shall not be construed as a waiver or relinquishment to any extent of its right to enforce such terms or rights on any future occasion.

ARTICLE 19. SEVERABILITY

Any provision of this Agreement prohibited or rendered unenforceable by operation of law shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

ARTICLE 20. ENTIRE AGREEMENT/DOCUMENTS INCORPORATED BY REFERENCE

All understandings, representations, warranties, agreements and any referenced attachments, if any, existing between the Parties regarding the subject matter hereof are merged into this Agreement, which fully and completely express the agreement of the Parties with respect to the subject matter hereof.

ARTICLE 21. OTHER AGREEMENTS

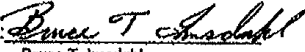
This Agreement does not address or govern the Parties' relationship involving: (a) the tax allocation agreement nor (b) any other relationships not specifically identified herein. All such relationships not addressed or governed by this Agreement will be governed and controlled by a separate agreement or tariff specifically addressing and governing those relationships or by applicable Laws or orders.

This agreement has been duly executed on behalf of the Parties as follows:

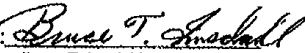
MDU RESOURCES GROUP, INC.

By: 
Terry D. Hildestad
Title: President and Chief Executive Officer

MONTANA-DAKOTA UTILITIES CO.
a division of MDU Resources Group, Inc.

By: 
Bruce T. Insdahl
Title: President and Chief Executive Officer

GREAT PLAINS NATURAL GAS CO.
a division of MDU Resources Group, Inc.

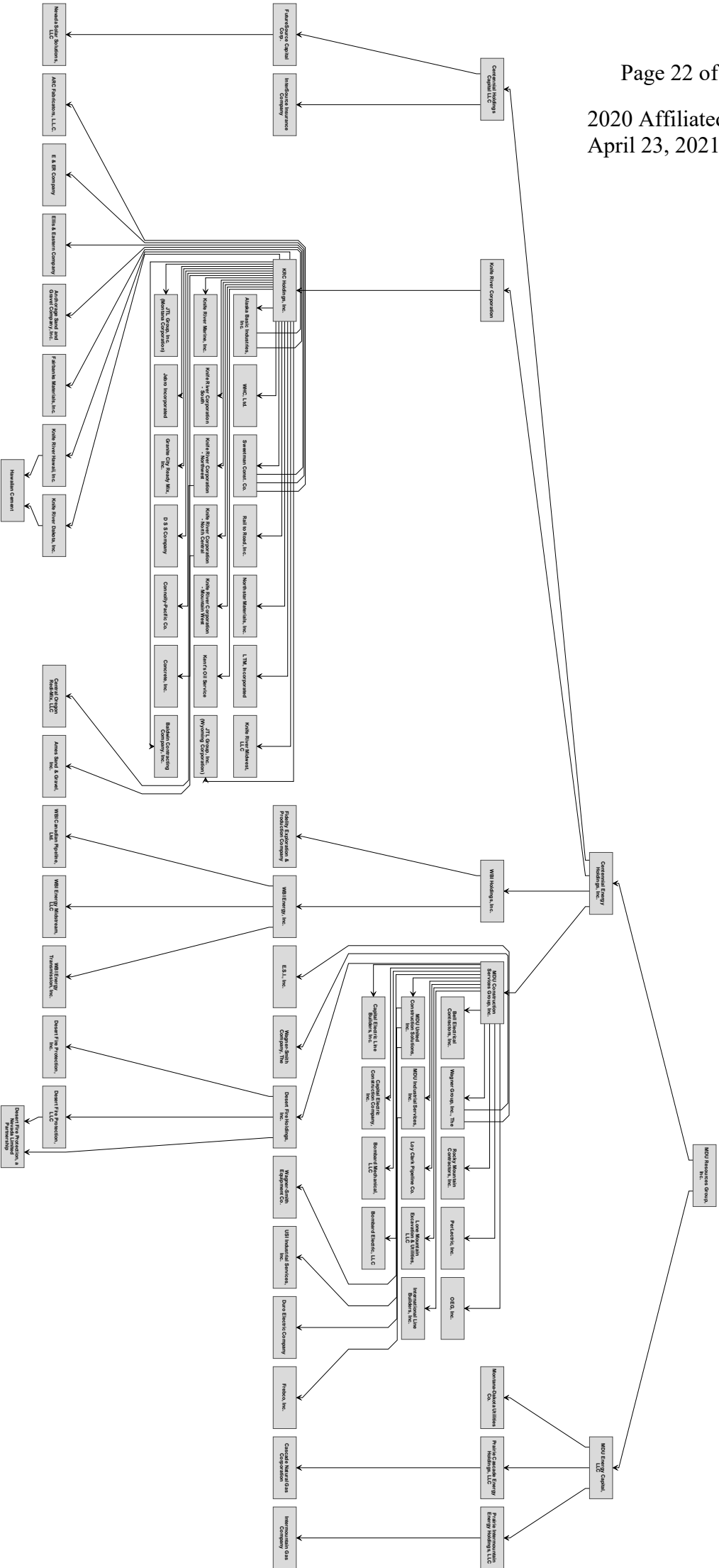
By: 
Bruce T. Insdahl
Title: President and Chief Executive Officer

CASCADE NATURAL GAS CORPORATION
a subsidiary of MDU Resources Group, Inc.

By: 
David L. Goodlin
Title: President

2020 Affiliated Interest Report
April 23, 2021

As of January 29, 2021



Cascade Natural Gas

Cost Allocation Manual

2021



In the Community to Serve[®]

2021 Cost Allocation Manual

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Overview

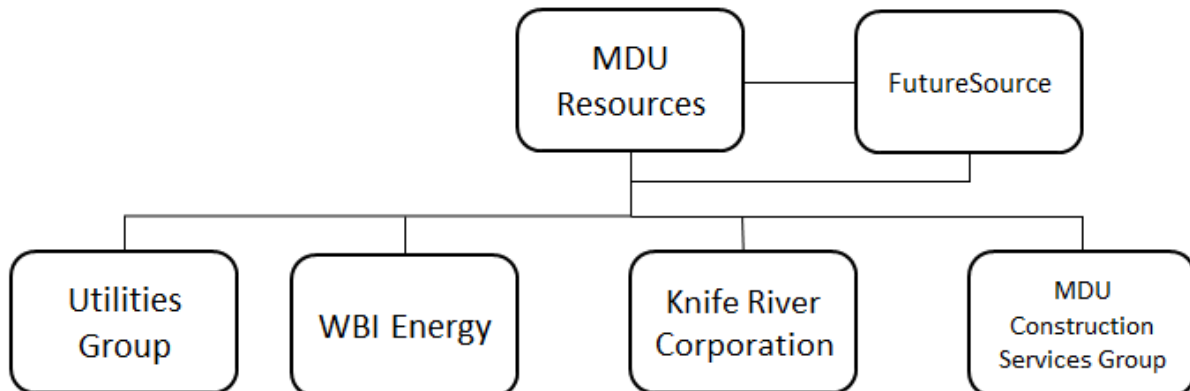
Cascade Natural Gas Corporation (CNG), a gas distribution company operating in the states of Washington and Oregon, is a subsidiary of MDU Resources Group, Inc. Cascade Natural Gas has its' own set of financial records. The operations of Cascade Natural Gas Corporation are under the direction of one Utility Group (UG) executive leadership team.

Montana-Dakota and Great Plains are one legal entity and have one set of financial records. However, utility related rate base and income statement items, whether directly assigned or allocated, are captured in a unique financial ledger to provide for regulatory reporting. The operations of both Montana-Dakota and Great Plains are under the direction of one Utility Group (UG) executive leadership team.

FutureSource Capital Corporation (FutureSource) is a separate legal entity that owns the corporate campus facilities that house the MDUR corporate staff and other property utilized in providing services to the operating companies within MDUR.

Below is an overview of the operational structure for the purpose of assigning costs. The diagram presented is intended to provide an overview for cost allocation only and is not intended to represent the legal structure of the Corporation. Note that costs from MDUR and FutureSource are directly assigned or allocated and charged to the operating companies (i.e. Utilities Group, WBI Energy, etc.)

Corporate Level



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This document will discuss the allocations to/from:

- MDUR and FutureSource to Cascade Natural Gas Corporation
- Montana-Dakota/Great Plains to Cascade Natural Gas Company (CNGC) and Intermountain Gas Corporation (IGC)
- Cascade Natural Gas Corporation (CNG) to Intermountain Gas Company (IGC) and Montana-Dakota/Great Plains
- Utility segment to state jurisdictions

Overall, the approach to allocating costs at each level is to directly assign costs when applicable and to allocate costs based on the function or driver of the cost.

MDU Resources Group, Inc. (MDUR) Allocations

The MDUR corporate staff consists of shared services departments (payroll, human resources, business services and enterprise information technology), and administrative and general departments.

Shared Services

MDU Resources Group, Inc. has several departments that provide specific services to the operating companies. These departments have developed a pricing methodology which is updated annually for the allocation of costs to the MDUR operating companies that utilize their services. (See Exhibit IV) These departments include:

Payroll Shared Services

Payroll Shared Services department provides comprehensive payroll services for MDUR companies and employees. It processes payroll in compliance with appropriate federal, state and local tax laws and regulations. Payroll Shared Services is also responsible for preparation, filing and payment of all payroll related federal, state and local tax returns. It also maintains and facilitates payments and accurate reporting to payroll vendors for employee benefits and other payroll deductions. For Montana-Dakota and Great Plains, the payroll shared services department is also responsible for the accumulation of time entry records and maintenance of employee records. Montana-Dakota and Great Plains do not have any departments that provide these payroll related services.

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Human Resources

Human Resources operates as “One HR” across the regulated business units of MDU Resources Group including Montana-Dakota, Great Plains, Cascade Natural Gas, Intermountain Gas, and WBI Energy. There are employees in the HR departments at each of the business units that focus on the operational function of human resources: employee relations, labor relations, staffing, and leave management, all for their specific location. At MDU Resources, shared HR functions are performed for all of the regulated businesses: compensation management, benefits administration, policy development, human resource information systems, organizational development, as well as providing support and backup for the business unit functions.

Business Services

Business Services provides support services for facilities and administrative services (including bill printing), supply chain (purchasing and inventory), fleet, travel, and accounts payable (including unclaimed property). Business Services also creates and maintains the Corporation’s national accounts for the purchase of products, goods and services. National accounts take advantage of the combined purchasing power of all the Corporation’s operating companies. Business Services is committed to serving its customers by providing timely, standardized, cost-effective goods and services that support business strategies and goals.

Enterprise Information Technology

Enterprise Information Technology (EIT) provides policy guidance, infrastructure related IT functions and security-focused governance. EIT seeks to increase the return on investment in technology through consolidation of common IT systems and services, while eliminating waste and duplication. EIT works to increase the quality and consistency of technology, increase functionality and service to the enterprise, provide governance for managing and controlling risk and reduce costs through economies of scale.

The EIT services get allocated to Montana Dakota using agreed upon formulas based on utilization of the services.

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Administrative and General Services

Administrative and general functions performed by MDUR for the benefit of the operating companies include the following departments:

- Corporate governance, accounting & planning
- Communications & public affairs
- Human resources
- Internal audit
- Investor relations
- Legal
- Risk management
- Tax and compliance
- Treasury services

Cascade Natural Gas Corporation receives an allocation of these corporate costs. Corporate Policy No. 50.10 states *"It is the policy of the Company to allocate MDU Resources Group, Inc.'s (MDU) administrative costs and general expenses to the MDU's business units"*. Business units described in the policy have been referred to as operating companies in this document. The policy states that costs that directly relate to a business unit will be directly assigned to the applicable business unit and only the remaining unassigned expenses will be allocated to the operating companies using the corporate allocation methodology. The allocation factor developed to apportion MDUR's unassigned administrative costs is a capitalization factor which is based on 12 month average capitalization at March 31, effective July 1 and at September 30, effective January 1 each year. MDUR has a mix of regulated and non-regulated companies. The non-regulated companies are cyclical in nature and could be impacted significantly with a downturn in the economy. It is unlikely during that same downturn their share of corporate costs would be materially different. Due to the volatility of non-regulated companies, and inconsistency between periods of other potential allocation factors, capitalization is the most appropriate allocation factor for MDUR. Capitalization includes total equity and current and non-current long-term debt (including capital lease obligations). The Corporate Overhead Allocation Factors are shown in Exhibit I.

Montana-Dakota's gas (including Great Plains) and electric business segments are reflected in the Corporate Overhead Allocation Factors in Exhibit I. Operating companies that receive allocated costs on a monthly basis from MDUR include:

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- Montana Dakota – Electric utility segment
- Montana Dakota/Great Plains – Gas utility segment
- Cascade Natural Gas Corporation (CNGC)
- Intermountain Gas Company (IGC)
- WBI Energy Transmission
- WBI Midstream
- Knife River (KR)
- MDU Construction Services Group, Inc. (CSG)

The corporate costs allocated to the electric and gas segments at Montana-Dakota/Great Plains are subsequently allocated to the state jurisdictions Montana Dakota and Great Plains serve. Corporate costs are recorded in the administrative and general (A&G) function for Montana-Dakota/Great Plains. (See state jurisdictional allocation discussion on page 11.)

FutureSource

FutureSource, a separate legal entity, owns the facilities at the corporate campus that house the MDUR corporate staff and other property utilized in providing services to all the operating companies within MDUR. These include the corporate office, computers, telephones, furniture, fixtures and aircraft. Montana-Dakota/Great Plains acquired an interest in a portion of the land, building, hangar and aircraft with a cash contribution to FutureSource and placed these assets into rate base. The purchase of a portion of the assets (based on the net book value) was determined to be beneficial to the rate payer rather than paying a higher rate of return for the investment in the cost of service calculation billed by FutureSource. The investment in these assets is fluid in nature and does change over time depending on the total investment held by FutureSource. This investment is monitored annually and compared to its proximity to the Corporate Overhead Allocation Factor. The level of investment is targeted to remain relatively close to the Utility Group's Corporate Overhead Allocation Factor. Montana-Dakota/Great Plains receives a cost of service return from IGC and CNGC for their proportionate share of the contribution made by Montana-Dakota. The revenue received by Montana-Dakota for this cost of service is recorded in miscellaneous revenue.

Annually FutureSource calculates a cost of service for any unfunded portion of these corporate assets and bills the operating companies monthly. Components included in the cost of service for these facilities and other property include operation and maintenance expense, depreciation, property

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taxes, income taxes and a pretax return on the investment. The annual calculation is maintained by FutureSource and the most recent copy may be requested from the MDU Resources Corporate Planning Department. Each month Montana-Dakota /Great Plains allocates these costs to the electric and gas utility segment based on the Montana-Dakota corporate overhead factor, Exhibit II.

FutureSource also owns and operates a corporate aircraft and a hangar. Fixed costs for the aircraft are allocated to the MDUR operating companies on the MDUR corporate overhead factor referenced above (Exhibit I). The variable costs are charged to the appropriate business unit as a direct charge on an hourly flight rate. These charges will at times exceed or be below the actual variable cost. A year-end true-up includes an adjustment to the excess or shortfall in such hourly billing. Flights for employees of Montana-Dakota/Great Plains are directly assigned to the appropriate utility segment and state jurisdiction based on the purpose of the trip. For trips that are not directly applicable to a utility segment/jurisdiction, costs are allocated on the employee's standard payroll allocation and subsequently allocated to the jurisdictions. Standard labor distribution allocations are discussed on page 9.

Cascade Natural Gas Corporation Allocation of Cost to/from Others

Allocations to/from other MDUR Companies

Certain Montana-Dakota/Great Plains owned assets, such as the General Office/Annex facility, located at the utility headquarters in Bismarck, and the assets associated with the contribution made for FutureSource assets, are also used for the benefit of other MDUR operating companies. To cover the cost of ownership and operating costs associated with these owned assets, a revenue requirement (asset return plus annual operating expenses) is computed for the shared assets. The expense component included in the return is composed of operating and maintenance costs, depreciation, income tax and property tax expenses. The resulting revenue requirement is billed to the other MDUR operating companies, including CNGC and IGC, as a monthly fee.

Intermountain Gas owns the customer care center located in Meridian, ID. To cover the cost of ownership associated with that owned asset, a revenue requirement (asset return) is computed similarly to Montana-Dakota owned

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assets. The expense component included in the return is composed of depreciation, income tax and property tax expenses. The resulting revenue requirement is billed to the Montana-Dakota/Great Plains and Cascade as a monthly fee. The costs are allocated based on the number of customers served by each utility.

Additionally, a portion of the cost ownership of the Kennewick General Office is billed to Montana-Dakota/Great Plains and Intermountain Gas Company based on office space occupied by shared utility group employees. The expense component included in the return is composed of depreciation, operating expense and income tax.

The resulting revenue requirements are billed to the Montana-Dakota/Great Plains and Intermountain Gas Company as a monthly fee. The costs are allocated based on the number of customers served by each utility.

Additionally, some expenses are allocated or directly assigned at the invoice/PO or credit card purchase stage.

Allocations to other Utility Companies

Montana-Dakota/Great Plains has several departments that provide services to all four utility operating companies (Montana-Dakota, Great Plains, Cascade Natural Gas Co. and Intermountain Gas Company). These departments include:

- Leadership Group - composed of the Executive Group and Directors that oversee shared utility specific functions
- Customer Services - (Call Center, Scheduling and Online Services)
- Operations & Engineering Services Group – composed of shared utility group operations department functions
- Information Technology and Communications- (Enterprise Network & Telecommunications, Enterprise Management, Enterprise Development and Integration, Field Automation, Enterprise GIS)
- Environmental
- Safety & Technical Training
- Business Development
- Gas Supply & Control
- Utility Group Controller

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These operational groups have calculated the proper allocation to use to allocate the costs to the utility companies based on services performed for each utility company. The allocation methodology is included in Exhibit V.

Cascade Natural Gas Corporation Allocations to Utility Segments

Revenues

All sales and transportation revenues are directly assigned to the appropriate state jurisdiction. Miscellaneous service revenue, rent and other revenue is directly assigned to the utility jurisdiction where possible and common derived revenue is allocated to the utility jurisdiction based on the reason for which the revenue was received.

O&M Expense

As operation and maintenance costs are incurred, the expense is directly assigned to a utility segment in the general ledger where possible. Expenses incurred that are common to both segments, such as administrative and general costs, are split between utility segments based on the function and/or driver of the cost.

Facility Expense Allocations

Costs for operations and maintenance of facilities are charged directly to the applicable utility jurisdiction when the facility is for the benefit of one jurisdiction.

For expenses associated with distribution operation facilities, such as a region office that serves more than one utility jurisdiction, the costs are allocated to the utility jurisdiction based on the current year 3-factor formula.

Labor/Reimbursable expense allocations

The development of standard labor distributions for Cascade Natural Gas Corporation employees is described below based on the type of employee. Standard labor distributions are used for all employees to account for certain expenses as detailed below.

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Labor, benefit costs and reimbursable expenses are directly assigned to a utility segment where possible. If the expense is not direct, the appropriate utility segment is charged as follows:

Union Employees

Time tickets are required for productive time. The employee specifies the proper utility segment, location and FERC account based on work performed. To account for non-productive time, standard payroll labor distributions are established for all employees. These standard labor distributions are calculated for union employees based on the historical actual charges by utility segment for the last 12 months.

Non-Union Employees

Non-union employees are not required to submit detailed time tickets with applicable general ledger accounts specified. Rather each employee has a "standard" set of general ledger accounts that split the labor costs to utility segment based on an expected ratio of work between segments. This split can be unique and is based on the employee's position. Costs are distributed based on this standard labor distribution for each employee, and the allocations are reviewed annually. Time studies are completed at least every five years.

- Payroll allocations for operations supervisors are a function of their direct reports or may be determined by time studies conducted.
- Payroll allocations for staff engineers are determined by time studies.
- Payroll allocations for General Office support staff are reviewed by the applicable department head based on the type of work performed.

Reimbursable employee expenses are directly assigned to a utility segment and FERC account when possible. For employee expenses that are applicable to more than one utility segment, such as training that is not specific to a utility segment, the employee's standard labor distribution percentages for each segment are used.

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Taxes Other than Income

Ad valorem taxes are reviewed by function and all functions are directly assigned except for common ad valorem taxes, which follow plant. Payroll related taxes follow the allocation of labor and revenue and electric production taxes are directly assigned. Common taxes other than income, such as the Highway Use tax or Secretary of State filing tax are allocated on the appropriate factor to the segments.

Income Taxes

Income taxes, both current and deferred, are allocated to the utility segment based on the underlying revenue or expense that generated the deferred taxes.

If the underlying income item is specific to a particular segment, the related taxes are assigned directly to that segment. If the underlying income item is common to both segments, the related taxes are allocated with factors used to allocate the underlying revenue or expense.

Plant in service/work in progress/reserve/depreciation

Plant in service, work in progress, reserve and depreciation expense accounts are assigned to a utility segment based on the function of property. For property that benefits both utility segments an allocation process is used.

The allocation process is based on the combination of the location of the asset and the FERC account (function) that is used to allocate the project, asset, reserve and depreciation. See Exhibit VI for a list of the allocation factors.

Prepayments

Prepaid demand and commodity charges are directly assigned to the applicable utility jurisdiction. Prepaid insurance is directly assigned where possible and common policies are allocated based on the type of policy.

Customer Advances

Customer advances are directly assigned to the applicable jurisdiction.

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Cascade Natural Gas Corporation's Allocations to State Jurisdictions

Cascade Natural Gas utilizes an automated allocation process each month to record the income statement and rate base account activity to the financial ledger (state jurisdiction) to facilitate regulatory reporting. This process is based on the general ledger account structure used in the financial software (JD Edwards). As with other items, costs are directly assigned to a jurisdiction when possible. Costs common to more than one state jurisdiction are allocated between jurisdictions. The primary driver of the allocation is the Business Unit component of the general ledger account; however, the FERC account associated with the charge is also used to determine the proper allocation method. Since operation and maintenance costs are assigned to the utility segment as incurred, this process only allocates costs between state jurisdictions. The allocation process creates a Journal Entry to the JD Edwards jurisdictional ledgers established by state and utility segment.

The allocation methodology is as follows:

The JD Edwards (JDE) software is used by Cascade Natural Gas for recording financial transactions as well as the jurisdictional allocation process for all accounts except those related to fixed assets.

The account structure within JDE consists of the following components:

Business Unit - The Business Unit is one of the primary components used for identifying the regulatory allocation of costs. It usually defines a location such as an operating region, operating district or facility (i.e. power generating facility, substation, gas regulator station), or department (i.e. human resources, engineering).

Object - The object for operations and maintenance (O&M) expense accounts represents the resource consumed (i.e. payroll or materials). For balance sheet accounts, the object represents the FERC account.

Subsidiary - The subsidiary portion of the account for O&M accounts identifies the utility segment and the FERC account. For balance sheet accounts the subsidiary represents a further breakdown of the account such as which bank for a cash account.

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Revenue Accounts – Revenues are directly assigned to the jurisdiction when possible. The applicable FERC account is part of the account structure and in the case of utility billed revenue the utility jurisdiction is included. It is the combination of the business unit, utility jurisdiction and FERC that drive the allocation factor used. An example of revenue that is allocated to the jurisdictions is revenue from the cost of service calculation which is assigned an allocable location (Business Unit).

Operation and Maintenance (O&M) accounts – As costs are incurred, the approver of the expense assigns the general ledger account structure.

It is the combination of the location (Business Unit), utility segment and FERC that drive the allocation factor utilized. Locations are assigned a factor based on the geographic area for which they serve, and the FERC function assigned. For example, location (Business Unit) 230 represents the geographic location of the Sheridan, WY District. The Sheridan District serves both electric and gas and is therefore directly assigned to Wyoming for all FERC accounts. Another example is location 12900, representing the Credit and Collections Department. The Credit and Collections Department services both the electric and gas customers. The allocation of costs is based on the FERC range of accounts. The location may also be a responsibility, or department.

Location	Location Description	Sub 1	Sub 2	Utility Segment	Utility Alloc Code	Utility Allocation Description	Utility Allocation Rate	Juris Alloc Code	Juris Allocation Description	Juris Allocation Rate	Combined Effective Rate
230	Wyoming District	1560	15709999	1 Electric	00001	ELECTRIC ONLY	100.0000%	00005	WYOMING ONLY	100.000000%	100.000000%
230	Wyoming District	1580	19359999	1 Electric	00001	ELECTRIC ONLY	100.0000%	00005	WYOMING ONLY	100.000000%	100.000000%
12900	Credit & Collections	1920	19359999	1 Electric	00001	ELECTRIC ONLY	100.0000%	00026	O&M EXCLUDING FUEL & PURCHASED POWER & A&G	8.336614%	8.336614%
12900	Credit & Collections	1901	19169999	1 Electric	00001	ELECTRIC ONLY	100.0000%	00085	TOTAL COMPANY ELECTRIC CUSTOMER COUNT	11.315965%	11.315965%
12900	Credit & Collections	1580	15989999	1 Electric	00001	ELECTRIC ONLY	100.0000%	00118	ELECTRIC DISTRIBUTION PLANT	14.798583%	14.798583%

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*Co	*Location	*Obj Acct	*FERC Sub 1	*FERC Sub 2	*Start Date	Stop Date	Description	Utility Alloc Code	Utility 01	Allocation Code 01
00001	230		1560	15709999	199703	203512	Wyoming District	00001	1	00005
00001	230		1580	19359999	199501	203512	Wyoming District	00001	1	00005
00001	230		28120	28120	199703	203512	Wyoming District	00002	2	00005
00001	230		2870	29359999	199501	203512	Wyoming District	00002	2	00005

00001 code = 100 %
Electric

00002 code = 100 %
Gas

Code 00005 =
100% allocated
to WY

*Co	*Location	*Obj Acct	*FERC Sub 1	*FERC Sub 2	*Start Date	Stop Date	Description	Utility Alloc Code	Utility 01	Allocation Code 01
00001	12900		1580	15989999	200910	203512	Credit & Collections	00001	1	00118
00001	12900		1901	19169999	200501	203512	Credit & Collections	00001	1	00085
00001	12900		1920	19359999	200501	203512	Credit & Collections	00001	1	00026
00001	12900		2870	28949999	200910	203512	Credit & Collections	00002	2	00119
00001	12900		2901	29169999	200501	201508	Credit & Collections	00002	2	00086
00001	12900		2901	29169999	201509	203512	Credit & Collections	00002	2	00087
00001	12900		2920	29359999	200501	203512	Credit & Collections	00002	2	00027

Utility Allocation Code
Represents the code used to allocate costs to a business segment
00001 = Electric segment
00002 = Gas segment

Allocation code 01
Represents the code used to allocate costs to a Jurisdiction
00118 = Electric distribution plant
00085 = Total company electric customer count
00026 = O&M excluding fuel & purchased power and A&G
00119 = Gas distribution plant
00087 = Total company gas sales customer count
00027 = O&M excluding cost of gas and A&G

Taxes Other Than Income

Taxes other than income taxes are directly assigned when possible. Ad valorem taxes are allocated based on the subsidiary, which indicates the jurisdiction and function. Payroll related taxes follow the allocation of labor, revenue taxes are directly assigned, and generation and other taxes are allocated on the applicable factor.

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Income Taxes

Federal taxes that are allocated or directly assigned to the utility jurisdiction are allocated to the jurisdictions based on the factors used to allocate the underlying revenue or expense among the jurisdictions.

State taxes that are allocated or directly assigned to a utility segment, are allocated to the jurisdictions that have state income tax based on their respective state apportionments.

Plant in Service/Work in Progress/Reserve/Depreciation Accounts

Plant in service, work in progress, reserve and depreciation expense accounts are allocated in through a similar process in the PowerPlan software based on attributes associated with the work order and asset.

It is the combination of the utility segment, location of the asset and the FERC account that is used to allocate the project, asset, reserve and depreciation. The tables that are maintained in JDE for jurisdictional allocations are interfaced into PowerPlan and are used to allocate these accounts.

Allocation Factors

The allocation factors are computed annually by the Regulatory Affairs and General Accounting departments and assigned to the proper Business Unit (location) effective in January each year. See Exhibit VI for a list of the allocation factors.

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Exhibit I- MDUR Corporate Overhead factor

MDU Resources Group, Inc.
Corporate Overhead Allocation Factor
January - June 2021

	MDU	MDU/GP	CNGC	IGC	WBI Energy		KR	CSG
	Electric	Gas			Transmission	Midstream		
MDUR Corporate Factor	18.4%	13.6%	16.0%	9.3%	8.6%	0.2%	24.9%	9.0%

Exhibit II- Montana-Dakota/Great Plains Overhead factor

Montana-Dakota Utilities Co.
Corporate Overhead Allocation Factors
January - June 2021

	Electric	Gas
Montana-Dakota Corporate Factor	57.4%	42.6%
Employee Factor	40.4%	59.6%
Plant Factor	74.4%	25.6%
Customer Factor	32.2%	67.8%

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Exhibit III- Montana-Dakota/Great Plains Customer Allocation Factors

Montana-Dakota Utilities Co 2021 Customer Allocation Factors				Montana-Dakota Utilities Co Customer Count Splits for Regions and Districts				Customer Allocations by State		
Montana				Rocky Mountain Region		Badlands Region		GAS		
	Customers	% Factor	State % Factor	MT Gas	64%	ND Elec	36%	MT Gas	86,096	30.9%
	Gas	86,096	0.77	WY Elec	16%	ND Gas	23%	ND Gas	111,207	39.9%
	Electric	25,616	0.23	WY Gas	19%	MT Elec	22%	SD Gas	61,987	22.3%
		111,712	1.00			MT Gas	18%	WY Gas	19,219	6.9%
				SD Elec	1%	SD Elec	1%	278,509		
North Dakota				Billings District		Reg split (#65)		ELECTRIC		
	Customers	% Factor		All Gas	100%	Electric	59%	MT Elec	25,616	17.8%
	Gas	111,207	0.54	Sheridan Dist (#63)		Gas	41%	ND Elec	93,250	64.9%
	Electric	93,250	0.46	Electric	46%	Dickinson Dist		SD Elec	8,501	5.9%
		204,457	1.00	Gas	54%	Electric	58%	WY Elec	16,338	11.4%
						Gas	42%	143,705		
South Dakota				Dakota Heartland Region		Glendive Dist				
	Customers	% Factor		ND Elec	34%	Electric	56%			
	Gas	61,987	0.88	ND Gas	56%	Gas	44%			
	Electric	8,501	0.12	SD Elec	5%	Williston Dist (#69)				
		70,488	1.00	SD Gas	6%	Electric	65%			
						Gas	35%			
Wyoming				Region Split (#64)		Wolf Point Dist (#68)				
	Customers	% Factor		Electric	38%	Electric	50%			
	Gas	19,219	0.54	Gas	62%	Gas	50%			
	Electric	16,338	0.46	Bismarck Dist (#86)						
		35,557	1.00	Electric	51%					
				Gas	49%					
Total Customers	422,214			Mobridge Dist (#14)		Black Hills Region				
				Electric	57%	SD Gas	100%			
				Gas	43%					
				Jamestown District						
				All Gas	100%	Rapid City District				
				Minot District		All Gas	100%			
				All Gas	100%	Spearfish District				
						Gas	100%			
Great Plains										
Jurisdictional Customer Allocation Factor										
North Dakota GPNG		2,295	0.09							
Minnesota - GPNG		22,145	0.91							
		24,440	1.00							

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Exhibit IV- MDUR Shared Services Pricing Methodology



Pricing Methodology - Effective for 2021

Note: Any shared services amount allocated to MDU Resources are charges out to the business units on the corporate allocation factor.

761 – Payroll Shared Services:

Payroll Shared Services costs are invoiced based on the number of employees paid and stated as a cost per check. The word check, for this purpose, generically refers to paper paychecks, direct deposits and pay card transactions.

Checks are charged on a tiered structure, intended to recognize the fixed or baseline effort associated with maintaining a payroll cycle and associated reporting, regardless of number of people paid. It is also intended to reward consolidation of multiple pay groups and companies where possible and to align charges with the additional effort required to maintain multiple pay groups and pay cycles.

The monthly volume for this step pricing is accumulated individually for each pay cycle processed.

Checks for weekly pay cycles, cost per check based on the number of checks written per month:

- \$ 4.35 per check for the first 500 checks
- \$ 0.75 per check for the next 500 checks
- \$ 0.35 per check for each additional check

Checks for non-weekly pay cycles, cost per check based on the number of checks written per month:

- \$ 4.35 per check for the first 1500 checks
- \$ 0.75 per check for the next 500 checks
- \$ 0.35 per check for each additional check

Additionally, there is a \$4.35 charge for each tax payment and \$230.00 charge for each quarterly tax filing and \$2.50 charge for each W2/1099/1096.

There is a \$500 per month minimum charge for each operating company.

There is a premium charge of \$50 per transaction for specific off cycle checks and back-pay calculations. Examples of transactions included in the premium charge schedule are missing hours, refunded deductions, length of service awards submitted too late for inclusion in a scheduled payroll process, and back pay calculation because an increase was submitted after the pay period that includes the effective date. Examples of transactions excluded from the premium charge calculation are bonus payments, final paychecks, certified wage settlements, or any payment required as a result of a Shared Service or system error.

766 –Time Entry Shared Services:

Service provided 100% to the MDU Utility Group.

	MDUR	MDU/GP	CNG	IGC	WBIE	KRC	CSG*	Total
Average Number of Employees	242	1031	333	229				1835
Total weighted allocation factor	13.18	56.19	18.15	12.48				100%

* Time Entry Shared Services manually keys time entry for Desert Fire. Payroll Shared Services and Desert Fire agree to use two times the amount of the cost per check rather than separate a time entry charge. Analysis was done on this vs charging a separate fee and the two methods are comparable.

970 – Human Resources – Shared Services:

Human Resources costs for the MDU Resources HR team are based on employees served. The average number of employees at each company for 12 months ending June 30 is calculated, then further broken down to whether they are on the Corporate-held benefit plans and/or retirement plans.

An allocation for each individual HR team member is calculated based on which group(s) of employees they serve. For example, an HR Generalist whose functions serve the Regulated companies would have an allocation to MDUR, MDUG, and WBI. A Benefits Analyst who is responsible for the Health & Welfare plans would have an allocation to the regulated companies as well as KRC and CSG companies who participate in the Corporate plans.

These individual allocations are all combined into one aggregate allocation to be used by all MDUR shared service HR employees. The reason for this method is that the same work would need to be absorbed should a vacancy occur. Human Resources has three individuals that are not considered shared services and are allocated on the corporate overhead allocation factor.

	MDUR	MDU/GP	CNG	IGC	WBIE-T	WBIE-M	KRC	CSG	Total
Allocation	5.43%	22.81%	7.35%	5.03%	12.70%	2.65%	23.10%	20.93%	100%

762 –Business Services:

This allocation factor is derived from the results of the following four responsibilities. After allocating the projected (budget) costs for the following four responsibilities to each business unit, based on the weighted allocation factor of each of these four responsibilities, each business unit total is summed and divided by the total cost resulting in the following allocation percentages. Individuals in this responsibility provide oversight and support for the following four responsibilities.

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
Allocation %	16.01%	35.17%	16.35%	11.36%	0.61%	3.21%	0.77%	10.10%	6.42%	100%

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763 –Fleet and Travel:

Fleet and Travel Departments costs are invoiced based on five weighted factors from the previous year:

- Travel – based on corporate factor
- Managed Units – department only manages units for certain companies
- National Account Spend
- Construction Equipment Acquisitions
- Fleet Acquisitions

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
% of Travel Corporate		36.10%	14.40%	6.60%		8.80%	0.30%	24.90%	8.90%	100%
# Managed Units		51	416	282					60	809
% of Managed Units		6.30%	51.42%	34.86%					7.42%	100%
National Account Spend	\$1,834,999	\$21,292,526	\$7,274,432	\$3,247,941		\$5,460,798	\$1,530,653	\$119,453,983	\$58,003,804	\$218,099,136
% of National Account Spend	0.84%	9.76%	3.34%	1.49%		2.50%	0.70%	54.77%	26.60%	100%
# Construction Equip Acquisitions		74	19	9		9	3	150	71	335
% of Construction Equip Acquisitions		22.09%	5.67%	2.69%		2.69%	.89%	44.78%	21.19%	100%
# Fleet Acquisitions		68	36	29		9	11	235	220	608
% of Fleet Acquisitions		11.18%	5.92%	4.77%		1.48%	1.81%	38.65%	36.19%	100%
Weighted Allocation Factors:										
Travel Corporate	21.70%	The percent of time spent on corporate travel.								
# Managed Units	15.66%	The percent of time spent on managed units.								
National Acct Spend	15.66%	The percent of time spent on national accounts.								
Construction Equip Acquis	23.49%	The percent of time spent on the acquisition of construction equipment assets.								
Fleet Acquis	23.49%	The percent of time spent on the acquisition of vehicle assets.								
	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
Total weighted allocation factor	0.13%	18.17%	14.42%	8.87%		3.28%	.81%	33.58%	20.74%	100%

764 –Supply Chain:

There are several individuals that are primarily focused on the Utility Group and some that have multiple business unit responsibilities. Department does not complete work for non-utility companies.

Allocations are based on two weighted factors from previous year:

- Purchase Order / Contract Dollars spent
- Purchase Order Line Count

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
Purchase Order Dollar Count	1,139,118	102,057,049	43,038,075	22,659,957						168,894,199
% of Purchase Orders Dollar Count	0.67%	60.43%	25.48%	13.42%						100%
Purchase Order Line Count	167	27,159	9,701	3,583						40,610
% of Purchase Order Line Count	0.41%	66.88%	23.89%	8.82%						100%
Weighted Allocation Factors:										
PO Dollar Count	95.00%	The percent of dollars processed through purchase orders processed by Company.								
PO Line Count	5.00%	The percent of lines on purchase orders processed by Company.								
	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
Total weighted allocation factor	0.66%	60.75%	25.40%	13.19%						100%

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767 –Accounts Payable:

Costs are invoiced based on three weighted factors from previous year:

- Number of Payments
- Number of Vouchers
- Number of Unclaimed Property reports

Department is a regulated shared services department and does not complete A/P for certain non-utility companies, which is reflected in the methodology.

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
# of Payments - 8/1/2019 through 7/31/2020	3,018	32,490	18,162	18,987		4,313	930		1,025	78,925
% of Payments	3.82%	41.17%	23.01%	24.06%		5.46%	1.18%		1.30%	100%
# of Vouchers - 8/1/2019 through 7/31/2020	3,952	46,642	30,216	24,189		11,927	2,790		1,687	121,403
% of Vouchers	3.26%	38.42%	24.89%	19.92%		9.82%	2.30%		1.39%	100%
# of States Filed In - as of 5/26/2020		36	36	31		3	1	12	11	130
% of UP		27.69%	27.69%	23.85%		2.31%	.77%	9.23%	8.46%	100%
Weighted Allocation Factors:										
# of Payments	20.00%	The percent of time spent on processing payments, setting up address book records, 1099s, etc.								
# of Vouchers	65.00%	The percent of time spent on voucherizing and reviewing invoices								
# of UP	15.00%	The percent of time spent filing unclaimed property reports.								
Total weighted allocation factor	2.88%	37.37%	24.93%	21.34%		7.82%	1.85%	1.38%	2.43%	100%

770 –Buildings and Grounds:

This allocation is based on labor hours spent by location from the previous year

	MDUR	MDU/GP	CNG	IGC	WBIE	KRC	CSG	Total
Allocation %	46.00%	47.00%			4.00%	3.00%		100%

Enterprise Information Technology (EIT):

There are several EIT departments, and each is billed out based on its own criteria. They are as follows:

Application Services (765) – The allocations are based on time tracked history for the 12 months of the prior year. The MDUG portion is further divided by meter count and the WBI portion is further divided by the WBI corporate factor.

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
12-month work load	8,120	6,303	4,162	5,256		2,132	50	2,056	541	28,620
% of 12 mon work load	28.37%	22.02%	14.55%	18.36%		7.45%	0.18%	7.18%	1.89%	100%

Definition of 765: This team is made up of software developers providing integrations to systems and software changes.

Operational Technology (768) –The allocations are based on projected work load. This department is 100% direct allocated based on the projects assigned.

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
12-month work load	1,765	4,475								6,240
% of 12 mon work load	28.29%	71.71%								100%

Definition of 768: This team is made up of security and infrastructure technicians.

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Customer Relations (965) – Enterprise charges for the customer relations group are invoiced using three weighted allocation factors. The factors are as follows:

1. Direct charge for employees working for a specific business, work is only completed for businesses identified in methodology below.
2. Number of computing devices supported by the help desk (85%)
3. Number of mobile devices supported by the help desk (15%)

The metric used to determine device counts is devices that have checked into LANDesk at allocation time (August) and active devices in MobileIron.

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
Direct Charges			51.72%	48.28%						100%
Factor- 12.85%			6.10%	5.69%						11.79%
Computing Device Counts	383	1130	528	527	46	313	40	2367	2177	7511
% of Device Count	5.10%	15.04%	7.03%	7.02%	0.61%	4.17%	0.53%	31.52%	28.98%	100%
% of Device Factor- 74.98% (86.51% x 85%)	3.82%	11.27%	5.27%	5.26%	0.46%	3.13%	0.41%	23.63%	21.73%	74.98%
Mobile Device Counts	172	601	277	189	21	181	35	2118	3522	7116
% of Device Count	2.42%	8.45%	3.89%	2.66%	.30%	2.54%	.49%	29.76%	49.49%	100%
% of Device Factor- 8.65% (86.51% x 15%)	0.32%	1.12%	0.51%	0.35%	0.04%	.34%	.06%	3.94%	6.55%	13.23%
Total weighted allocation factor	4.14%	12.39%	11.88%	11.30%	0.50%	3.47%	0.47%	27.57%	28.28%	100%

Definition of 965: This team is made up of help desk agents who support company owned devices and software.

Communications (971)

Enterprise charges for the communications group are invoiced using four weighted allocation factors. The factors are as follows:

1. Direct charge for employee hours working for a specific business (10.29%) (MDUG portion is split by meter count).
2. Wide Area Network/Local Area Network/Metropolitan Area Network- Number of business unit locations (35.88%)
3. Internet/Firewall Access – Number of computing devices (35.88%)
4. IP Telephony (17.95%)

The costs are invoiced based on the following percentages:

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
Direct Charges		40.09%	26.48%	33.43%						100%
Factor- 10.29%		4.13%	2.72%	3.44%						10.29%
WAN/LAN/MAN	8	55	19	13	1	154	2	254	99	605
% of Business Unit Locations	1.32%	9.09%	3.14%	2.15%	0.17%	25.46%	0.33%	41.98%	16.36%	100%
Factor- 35.88%	0.47%	3.26%	1.13%	0.77%	0.06%	9.14%	0.12%	15.06%	5.87%	35.88%
Internet Access/Firewall	383	1130	528	527	46	313	40	2367	2177	7511
% of Computing Device Counts	5.10%	15.05%	7.03%	7.02%	0.61%	4.17%	0.53%	31.51%	28.98%	100%
Factor- 35.88%	1.83%	5.40%	2.52%	2.52%	0.22%	1.50%	0.19%	11.30%	10.40%	35.88%
IP Telephone	328	1103	363	301	98	170	35	1934	296	4628
% of Handsets	7.09%	23.83%	7.84%	6.5%	2.12%	3.67%	0.76%	41.79%	6.4%	100%
Factor- 17.95%	1.27%	4.28%	1.41%	1.17%	0.38%	0.66%	0.14%	7.49%	1.15%	17.95%
Total weighted allocation factor	3.57%	17.06%	7.78%	7.90%	0.66%	11.29%	0.45%	33.87%	17.42%	100%

Definition of 971: This team supports the wide area network and phones. This includes switches, routers and firewalls.

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Operations (972) – Enterprise charges for the operations group are invoiced using three separate factors

(1) 9.10% are direct charges that are costs directly related to the AS/400 computer and are invoiced upon the AS/400 allocation as agreed to by MDU and WBI and CCB Oracle support costs and are allocated by meter counts for MDUG.

The remaining 90.89% of the costs are based upon the number of servers that are supported for each business unit. These servers are then broken out between full service servers and shared service servers. Full service servers have a greater weighting factor since they require more dedicated time and cost more.

(2) Full Service Servers - 68.17% (90.89% x 75%)

(3) Shared Service Servers 22.72% (90.89% x 25%)

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
Direct Charges	4.70%	40.64%	21.81%	25.21%	7.41%				0.23%	100%
Factor- 9.10%	0.43%	3.70%	1.98%	2.29%	0.68%				0.02%	9.10%
Full Service Servers	439	107	1	2	38	3		146	32	768
% of Full Service Servers	57.16%	13.93%	0.13%	0.26%	4.95%	0.39%		19.01%	4.17%	100%
Factor- 68.17 %	38.97%	9.49%	0.09%	0.18%	3.37%	0.27%		12.96%	2.84%	68.17%
Shared Service Servers		147	43	95	2	33	3	78	121	522
% of Full Service Servers		28.16%	8.25%	18.20%	0.38%	6.32%	0.57%	14.94%	23.18%	100%
Factor- 22.72%		6.40%	1.87%	4.14%	0.09%	1.43%	0.13%	3.39%	5.27%	22.72%
Total weight allocation factor	39.40%	19.60%	3.95%	6.61%	4.13%	1.70%	0.13%	16.35%	8.13%	100%

Definition of 972: This team is responsible for administration of the enterprise servers.

Security (977) – Enterprise charges for the security group are distributed via the number of computing devices (90.00%) and mobile devices (10.00%). Costs are invoiced based on the following percentages:

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
Computing Device Counts	383	1130	528	527	46	313	40	2367	2177	7511
% of Device Factor- 90%	4.59%	13.54%	6.33%	6.31%	0.55%	3.75%	0.48%	28.36%	26.09%	90.0%
Mobile Device Counts	172	601	277	189	21	181	35	2118	3522	7116
% of Device Factor- 10%	0.24%	0.84%	0.39%	0.27%	0.03%	0.25%	0.05%	2.98%	4.95%	10.0%
Total weighted allocation factor	4.83%	14.39%	6.72%	6.58%	0.58%	4.00%	0.53%	31.34%	31.03%	100%

Definition of 977: This team supports the cyber security initiatives.

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ERP (956) – The allocations are based on time tracked history for the 12 months of the prior year. The MDUG portion is further divided by employee count by brand and the WBI portion is further divided by the WBI corporate factor:

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
12-month work load	1,656.50	894.46	291.71	200.33		986.02	23.21	318.5	31.25	4,401.98
% of 12 mon work load	37.63%	20.32%	6.63%	4.55%		22.4%	.53%	7.23%	.71%	100%

Definition of 956: This team supports the accounting/HR, enterprise asset management and enterprise document management systems.

Scada (968) – The allocations are based on time tracked history for the 12 months of the prior year. The MDUG portion is further divided by gas meter count and the WBI portion is allocated to WBI Transmission as the systems supported are related directly to Transmission.

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
12-month work load	2	350	344	435		747.5				1,878.52
% of 12 mon work load	0.11%	18.62%	18.33%	23.15%		39.79%				100%

Definition of 968: This team supports the gas SCADA and measurement accounting systems.

Process Innovation (976) – Costs for Process Innovation group are invoiced based on direct allocation of RPA (20%) and distributed via the number of computing devices (80.00%). The costs are invoiced based on the following percentages:

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
RPA Direct Charges	100.00%									100.00%
RPA Factor 20%	20.00%									20.00%
Computing Device Counts	383	1130	528	527	46	313	40	2367	2177	7511
% of Computing Devices	5.10%	15.05%	7.03%	7.02%	0.61%	4.17%	0.53%	31.51%	28.98%	100.00%
% of Device Factor- 80%	4.08%	12.04%	5.62%	5.61%	0.49%	3.33%	0.43%	25.21%	23.19%	80.00%
Total weighted allocation factor	24.08%	12.04%	5.62%	5.61%	0.49%	3.33%	0.43%	25.21%	23.19%	100.00%

Definition of 976: This team supports Robotic Process Automation, SharePoint [Teams], and Process Related Innovation.

Governance (982) – Costs for the governance and administration group are invoiced based on a weighting of the combined methodologies of the eight previous EIT responsibilities.

	MDUR	MDU/GP	CNG	IGC	WBIE	WBIT	WBIM	KRC	CSG	Total
2020 % of Total Governance & Administration	19.47%	20.49%	8.51%	9.75%	1.07%	8.21%	0.32%	19.29%	12.89%	100%

Exhibit V- Utility Operations Support Allocation Methodology

Leadership Group:

President & CEO (985) – The payroll allocations will be based on average Utility Group customer and employee counts for the President & CEO and Executive Assistant.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Customer Counts	118,348	251,144	304,379	388,416	1,062,287
% of Factor - 50%	5.57%	11.82%	14.33%	18.28%	50%
Utility Group Employee Counts	452	579	331	230	1592
% of Factor - 50%	14.20%	18.20%	10.40%	7.20%	50%
Total weighted allocation factor	19.8%	30.0%	24.7%	25.5%	100.0%

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Executive Vice President of Business Development & Gas Supply (701) – The payroll allocations will be based on Utility Group customer counts.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Customer Counts	11.14%	23.64%	28.65%	36.56%	100%

Vice President of Safety, Process Improvement & Operations Systems (707) – The payroll allocations will be based on Utility Group meter counts.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Meter Counts	13.01%	26.66%	26.50%	33.83%	100%

Executive Vice President of Regulatory Affairs, Customer Service & Administration (919) – The EVP payroll allocation will be based on Corporate meter counts and the VP payroll allocation will be 50% for IGC & CNG Regulatory Affairs and then based on Corporate meter counts.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Meter Counts	6.51%	13.33%	38.25%	41.91%	100%

Vice President of Operations & Engineering Service (960) – The payroll allocations will be based on Utility Group customer counts.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Customer Counts	11.14%	23.64%	28.65%	36.56%	100%

Vice President of Field Operations (725) – The payroll allocations will be based on Utility Group customer counts.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Customer Counts	11.14%	23.64%	28.65%	36.56%	100%

Customer Experience Team (129, 711, 712, 713, 714):

The Customer Experience Team is made up of four distinct areas and provides service to all four brands within the MDU Utility Group. Those areas are Credit and Collections, Scheduling, Customer Service, and Customer Programs and Support. In addition to these departments, the Customer Service group has a management team, Consumer Specialists, and other administrative positions. Customer Service payroll costs are allocated using five (5) different methodologies: Customer Count, Customer Call Time, Cleared Order Count, Credit To-Dos, and Emails and Web Requests. Costs other than payroll will be allocated

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based on customer count if they provide benefit for all brands. Costs specific to a brand will be charged directly to that brand and will not go through an allocation process.

Customer Count

- Based on the average customer count of each utility brand from December to November.
- Uses a customer weighting of 1 for each natural gas or electric only customer and 1.25 for each electric/natural gas combination customer.
- The following positions will be allocated based on customer count **with nonutility**:
 - Customer Service Director
 - Manager, Customer Service
 - Supervisor, Customer Service
 - Customer Service Trainer
 - Customer Service Team Lead (Support)
 - Customer Project Analyst
- The following positions will be allocated based on customer count **without nonutility**:
 - Administrative Assistant
 - Manager, Credit, Support, Program Dev
 - Supervisor, Customer Support Service
 - Customer Service Team Lead (Credit)
 - Customer Communications Coordinator
 - Customer Project Analyst I and II
 - Business Analysts I and II
 - Supervisor, Credit & Collections
 - Customer Service Team Lead
 - Manager, Scheduling
 - Scheduling Analyst
 - Scheduling Lead

Customer Call Time

- Based on the total time that Customer Service Agents are handling a call.
 - Includes total talk time and after call work
 - Does not include idle time or auxiliary time
- Uses data for the preceding December to November of each year.
- The following positions will be allocated based on customer call time:
 - Customer Service Rep I, II, III, IV, and IV PT

Cleared Order Count

- Based on the number of work orders cleared through the work assignment management system for each brand.
- Uses data for the preceding December to November of each year.
- The following positions will be allocated based on cleared order count:
 - Scheduler

Credit To-Do's

- Based on three types of completed To-Do's;
 - accounts up for severance
 - closed accounts pending write-off
 - broken payment plans
- Uses data for the preceding December to November of each year.

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- The following positions will be allocated based on credit to-do's:
 - Credit & Collections Rep I, II, and III
 - Credit Support Rep

E-mails and web requests

Based on e-mails that include direct inquiries from customers, follow up requests from a CSR phone call, or e-mails generated by the web applications requiring account maintenance.

- Uses data for the preceding December to November of each year.
- The following positions will be allocated based on e-mails
 - Customer Support Rep I, II, and III

	MDU Elect	MDU/GP Gas	MDU Nonutility	CNG	IGC	Total
Customer Counts	11.44%	24.09%	.72%	28.05%	35.70%	100%
Customer Counts	11.67%	24.58%	-	28.05%	35.70%	100%
Customer Call Time	12.83%	27.02%	-	27.46%	32.69%	100%
Cleared Order Count	9.97%	21.01%	-	38.52%	30.50%	100%
Credit To-Dos	16.39%	34.53%	-	18.72%	30.37%	100%
Emails	10.52%	22.16%	-	28.54%	38.78%	100%

Operations & Engineering Services Group:

Process Improvement & Operations Tech (Dept 703)

The payroll allocations will be based on the Utility Group employee counts.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Employee Counts	28.4	36.4%	20.8%	14.4%	100%

Quality Control (Dept 730)

The Quality Control department provides oversight and post work review of both maintenance and construction work that is performed by both utility group employees and our contractors. The payroll allocations will be based on time studies.

Engineering Services (Dept 769)

The Engineering Services department duties include gas modeling, working with district personnel, engineering design of capital projects, creation of cost estimates, creation of design and work plans, budget planning, etc. The payroll allocations will be based on time studies.

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Construction Services (Dept 863)

The Construction Services (CS) department provides construction management and inspection for large and high-pressure projects, as well as for projects generated by TIMP, DIMP, and MAOP Validation Plans. CS creates and manages programs and procedures for welding and fusion programs. Fabrication standards and a majority of fabrication are done by CS. The payroll allocations will be based on time studies.

Operation Systems (Dept 864)

This department supports Operations compliance systems as well as supporting other systems that Operations and Engineering utilize. The group not only supports these efforts but also works as a liaison group between the business and enterprise information technology (EIT). The payroll allocations will be based on time studies. Costs specific to a brand will be charged directly to that brand and will not go through an allocation process. Business Analysts, in this department, are support of the system and their payroll allocations are based on the Corporate meter counts.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Meter Counts	13.01%	26.66%	26.50%	33.83%	100%

System Integrity (Dept 865)

The System Integrity department is responsible for the Utilities Distribution and Transmission Integrity Management Programs, Integrity Projects, Cascade's MAOP Validation Project, and Corrosion Control. The payroll allocations will be based on time studies.

Safety Management System & Quality Assurance (Dept 866)

The Safety Management System and Quality Assurance (SMS/QA) department is responsible for the implementation of the utility group's safety management system. The team is responsible for reviewing, documenting, and developing processes to ensure compliance with the industry recommend practice 1173. Key objectives of our current plan include the development of an operational risk management program, SMS/QA program oversight and metrics, and completion of risk-based process audits. The payroll allocations will be based on Utility Group gas customer count.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Gas Customer Counts	-	30.6%	30.5%	38.9%	100%

Operations Policies & Procedures (Dept 923)

This department is responsible for aligning new Utility Group procedures as well as maintaining all previous company specific procedures. Each company was and is required to have and maintain these procedures per federal code 192. The payroll allocations will be based on time studies.

Operation Services (Dept 958)

The Operation Services department provides compliance, damage prevention, and public awareness across the Utility Group. The payroll allocations will be based on time studies.

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Information Technology and Communications Group:

Enterprise Management, Enterprise Development and Integration, Field Automation (Dept 723, 926, 964)

These teams support business and technical functions that are common to all brands. Provides support to the business through data requests and augments the system by developing programs and technical solutions to accommodate business and field needs as well as regulatory requirements. The payroll allocations will be based on Utility Group meter counts.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Meter Counts	13.01%	26.66%	26.50%	33.83%	100%

Enterprise GIS (Dept 951)

This department provides gas, electric and fiber pipeline and facilities mapping services for the Utility Group. The payroll allocations will be based on Utility Group meter counts or time studies.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Meter Counts	13.01%	26.66%	26.50%	33.83%	100%

Environmental (Dept 889)

The Environmental Department provides environmental regulatory compliance guidance and assistance to MDU Utilities Group facilities and operations in accordance with the company environmental policy: The Company will operate efficiently to meet the needs of the present without compromising the ability of future generations to meet their own needs. Our environmental goals are:

- To minimize waste and maximize resources.
- To support environmental laws and regulations that are based on sound science and cost-effective technology; and
- To comply with or exceed all applicable environmental laws, regulations and permit requirements.

The payroll allocations will be based on time studies.

Safety & Technical Training (Dept 720, 901)

The Safety and Technical Training department provides oversight for all things safety and technical training for the entire utility group. The payroll allocations will be based on Utility Group or Montana-Dakota employee counts or time studies, depending on the employee's job functions.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Employee Counts	28.4%	36.4%	20.8%	14.4%	100%
Montana-Dakota Utilities Employee Counts	40.4%	59.6%	-	-	100%

Human Resources (Dept 963)

The Human Resources payroll allocations will be based on different methodologies. The MDU HR Assistant and Generalists will be based on the MDU Employee Factors.

The payroll allocations will be based on average Utility Group customer and employee counts for the Director of Human Resources.

	MDU	MDU/GP	CNG	IGC	Total
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	Elect	Gas			
Utility Group Customer Counts	118,348	251,144	304,379	388,416	1,062,287
% of Factor - 50%	5.57%	11.82%	14.33%	18.28%	50%
Utility Group Employee Counts	452	579	331	230	1592
% of Factor - 50%	14.20%	18.20%	10.40%	7.20%	50%
Total weighted allocation factor	19.77%	30.02%	24.73%	25.48%	100.00%

The payroll allocation for the Director of Human Resources responsible for the union contracts for the Utility Group is based on the union employee counts.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Bargained Employee Counts	192	145	192	127	656
% of Bargained EE Factor	29.36%	21.79%	29.31%	19.54%	100%

Gas Supply (Dept 931, 933)

The payroll allocations will be based on two methodologies: Utility Group meter count and time studies. There are employees focused on Montana-Dakota Utilities functions, which will be allocated 100% to Montana-Dakota Utilities gas segment.

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Meter Counts	-	39.67%	26.50%	33.83%	100%

Utility Group Controller (Dept 941)

The Controller Department provides various accounting services to the Utility Group: Fixed Assets Accounting, Revenue Accounting, Internal Controls Coordination, and Management. The payroll allocations are based on these methodologies: Utility Group customer count, Utility Group meter count, number of employees, Montana-Dakota customer factor, Utility Group corporate factor, Montana-Dakota corporate factor, and specific shared services methodologies.

- **Utility Group customer count**
 - The following positions will be allocated based on Utility Group customer count based on job duties/functions:
 - Business Analyst I and II (Revenue Accounting)
- **Utility Group meter count**
 - The following positions will be allocated based on Utility Group meter count based on job duties/functions:
 - Business Analyst II and Sr. (Customer Accounting)
- **Number of employees**
 - The following positions will be allocated based on number of employees under their supervision:
 - Controller – Utility Group
 - Director, Finance
 - Manager, Revenue Administration
- **Montana-Dakota customer factor**
 - The following positions will be allocated based on MDU customer factor
 - Financial Analyst I, II (Revenue Accounting)

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- Financial Specialist (Revenue Accounting)
- Financial Technician (Revenue Accounting)
- Manager, Revenue Accounting
- **Utility Group corporate factor**
 - The following position will be allocated based on Utility Group corporate factor
 - Internal Controls Coordinator
- **Montana-Dakota corporate factor**
 - The following positions will be allocated based on MDU corporate factor
 - Financial Analyst I, II, III, IV (Gen Acctg, Reporting & Planning)
 - Financial Systems Analyst (Gen Acctg)
 - Financial Technician (Gen Acctg)
 - Manager, Accounting & Finance
 - Manager, Financial Reporting & Planning
 - Manager, General Accounting

	MDU Elect	MDU/GP Gas	CNG	IGC	Total
Utility Group Customer Counts	11.14%	23.64%	28.65%	36.56%	100%
Utility Group Meter Counts	13.01%	26.66%	26.50%	33.83%	100%
Number of Employees: Controller*	35.3%	26.2%	21.8%	16.7%	100%
Number of Employees: Director, Finance*	36.8%	27.3%	20.5%	15.4%	100%
Number of Employees: Manager, Revenue Administration**	19.0%	40.0%	23.1%	17.9%	100%
Montana-Dakota Customer Factor	32.2%	67.8%	-	-	100%
Utility Group Corporate Factor	32.1%	23.8%	27.9%	16.2%	100%
Montana-Dakota Corporate Factor	57.4	42.6%	-	-	100%

* MDU electric/gas split is based on the MDU Corporate Factor.

** MDU electric/gas split is based on the MDU Customer Factor.

- **Utility Group Fixed Assets Accounting methodology -**
 - The following positions will be allocated based on 3-Year Averages reviewed annually:
 - Financial Analyst I, II, III, IV (Fixed Assets Accounting)
 - Supervisor, Fixed Assets Accounting
 - Manager, Fixed Assets Accounting

Costs for the Financial Analysts in the MDU Utility Group Fixed Asset Accounting group are based upon three separate methodologies based on the three major types of work performed in the department. The three major work types of work are:

1. Capital Expenditure Support (16.7% of workload)-Allocated to capital overhead (ES/GA) accounts based on 3-year average of capital expenditures.
2. Fixed Asset Life Cycle Support (68.3% of workload)-Allocated to capital overhead (ES/GA) accounts based on 3-year average of capital work orders weighted by a difficulty factor.
3. All Other Fixed Asset Accounting (15.0% of workload)-Allocated to expense (O&M) accounts based on estimate of time spent on non-project related tasks (Depreciation, ARO, Data Requests, etc.).

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	MDUR*	MDU	WBIE**	KRC**	CSG**	CNG	IGC	Total
Total Allocated to ES/GA		55.3%				20.3%	9.4%	85.00%
Total Allocated to O&M		10.8%				2.1%	2.1%	15.00%

* Time devoted to CHCC companies deemed immaterial and is included in MDU amounts.

** No service provided to WBIE, CSG or CSG

Costs for the Manager of the Utility Group Fixed Asset Accounting group are based upon the company workload split of the "Other Fixed Asset Accounting" time spent by the Lead Financial Analyst in charge of depreciation, ARO's, data requests, etc. No portion of these costs is allocated to capital overhead (ES/GA) as they are deemed to be non-direct construction support costs.

	MDUR*	MDU	WBIE**	KRC**	CSG**	CNG	IGC	Total
% Allocation of UGFA Manager Costs		75.00%				12.5%	12.5%	100.00%

* Time devoted to CHCC companies deemed immaterial and is included in MDU amounts.

** No service provided to WBIE, CSG or CSG

- **Utility Group Payment Processing methodology**
 - Payment Processer (Revenue Accounting)
 - Payment Processer, Lead (Revenue Accounting)

Payment Processing has been allocated by utility brand based on the number of customer payments posted to utility accounts in the 12-month period ending June 30, 2020.

	MDU/GPNG	CNG	IGC	Total
# of Payments Processed	1,637,569	952,345	834,927	3424,840
% of Payments Processed by Brand	47.80%	27.80%	24.40%	100.00%

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Exhibit VI- Cascade Natural Gas Corporation Allocation Factors

Cascade Natural Gas Corporation State Allocation Formulas 2020			
	Washington	Oregon	Total
Customers	74.06%	25.94%	100.00%
Employees	73.42%	26.58%	100.00%
Gross Plant	77.18%	22.82%	100.00%
3-Factor Formula	74.89%	25.11%	100.00%
Rate Base Ratio	77.04%	22.96%	100.00%

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Cascade Natural Gas Corporation			
Average No. of Employees			
2020			
Source: Customers Per Employee report		Washington District	Oregon District
Mo-Yr		Employees (1)	Employees (1)
	Dec-19	165	61
	Jan-20	165	62
	Feb-20	171	62
	Mar-20	171	61
	Apr-20	172	62
	May-20	171	62
	Jun-20	171	62
	Jul-20	170	62
	Aug-20	169	61
	Sep-20	169	59
	Oct-20	168	60
	Nov-20	171	61
	Dec-20	171	65
	13-Mo Total	2,204	800
			3,004
	Average of Monthly Averages	170	61
			231
	Percentage	73.42%	26.58%
			100.00%
(1) Excludes Interstate employees			

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Cascade Natural Gas Corporation			
Gross Plant Percentage			
2020			
	Washington Incl. CCNC	Oregon Incl. CCNC	Total
Avg. of Mo. Avg.s	891,929,191	263,722,274	1,155,651,465
Percentage	77.18%	22.82%	100.00%

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Cascade Natural Gas Corporation Average Number of Customers 2020		
	Average No. of Customers	Percentage
Washington	222,778	74.06%
Oregon	78,045	25.94%
Total	300,823	100.00%

Cascade Natural Gas Corporation Rate Base Ratio 2020		
The following percentages are used for allocating interest on debt:		
	2020 Average Rate Base	Plant Formula
Washington	420,487,637	77.04%
Oregon	125,285,747	22.96%
	545,773,384	100.00%