

**List of Commitments**  
**MDU Resources Acquisition of Cascade**

- 1) Cascade will maintain its operational headquarters in Washington.
- 2) Cascade will maintain its own accounting documentation, and financial data will be accessible in Cascade's Washington office. Cascade's financial documentation and state and federal utility regulatory filings and documents will continue to be available to the Commission, upon request, at Cascade's offices in Washington in accordance with current practice.
- 3) MDU Resources and Cascade will provide the Commission access to all books of account, as well as all documents, data, and records of their affiliated interests, which pertain to transactions between Cascade and its affiliated interests or which are otherwise relevant to the business of Cascade.
- 4) MDU Resources and Cascade affiliates will make their employees and officers available to testify before the Commission to provide information relevant to matters within the jurisdiction of the Commission.
- 5) The Commission or its agents may audit the accounting records of MDU Resources and its subsidiaries or divisions that are the basis for charges to Cascade, to determine the reasonableness of factors used by MDU Resources to assign costs to Cascade and the reasonableness of the amounts subject to allocation or direct charges. MDU Resources agrees to cooperate fully with such Commission audits.
- 6) MDU Resources and Cascade will comply with applicable Commission statutes and regulations regarding affiliated interest transactions, including timely filing of applications and reports.
- 7) Cascade will file on an annual basis any required affiliated interest report, including a corporate organization chart of Cascade and its affiliated interests and subsidiaries.
- 8) Cascade and MDU Resources will not cross-subsidize between the regulated and non-regulated businesses or between any regulated businesses, and shall comply with the Commission's applicable orders and rules with respect to such matters.
- 9) Any diversified holdings and investments (*e.g.*, non-utility related business or foreign utilities) of MDU Resources will not be held by Cascade or a

subsidiary of Cascade. This condition will not prohibit MDU Resources or its affiliates other than Cascade from holding diversified businesses.

- 10) Cascade will operate as a first-tier, wholly owned subsidiary of MDU Resources. As a first-tier subsidiary of MDU Resources, Cascade will be protected from any financial risk exposures of Centennial Energy Holdings, Inc. (Centennial). No credit facilities at either MDU Resources or Centennial will contain cross-default provisions between MDU Resources and Centennial, or allow any creditor of Centennial or its subsidiaries to have recourse against MDU Resources or its subsidiary, Cascade, in the event of bankruptcy of Centennial.
- 11) Cascade or MDU Resources will notify the Commission subsequent to MDU Resources' board approval and as soon as practicable following any public announcement of: (1) any acquisition of a regulated or unregulated business representing 5 percent or more of the capitalization of MDU Resources; or (2) the change in effective control or acquisition of any material part or all of Cascade by any other firm, whether by merger, combination, transfer of stock or assets.
- 12) An Inter-company Administrative Services Agreement (IASA) will include corporate and affiliate cost allocation methodologies. The IASA will be filed with the Commission as soon as practicable after the closing of the transaction. Approval of the IASA will be requested if required by law or rule, but approval for ratemaking purposes will not be requested in such filing. Amendments to the IASA will also be filed with the Commission.
- 13) MDU Resources commits, for a three-year period, that the allocated MDU Resources shared corporate costs, as well as its allocated and assigned utility division costs, will not exceed the costs the Cascade customers would otherwise have paid absent the acquisition, as adjusted for the change in the Consumer Price Index in place at the time of approval.
- 14) Any proposed cost allocation methodology for the allocation of corporate and affiliate investments, expenses, and overheads, required by law or rule to be submitted to the Commission for approval, will comply with the following principles:
  - a) For services rendered to Cascade or each cost category subject to allocation to Cascade by MDU Resources or any of its affiliates, MDU Resources must be able to demonstrate that such service or cost category is necessary to Cascade for the performance of its regulated operations, is not duplicative of services already being performed within Cascade, and is reasonable and prudent.

- b) Cost allocations to Cascade and its subsidiaries will be based on generally accepted accounting standards; that is, in general, direct costs will be charged to Cascade and its subsidiaries whenever possible and shared or indirect costs will be allocated based upon the primary cost-driving factors.
  - c) MDU Resources and its divisions will have in place an allocation or reporting system adequate to support the allocation and assignment of costs of executives and other relevant personnel to Cascade.
  - d) An audit trail will be maintained such that all costs subject to allocation can be specifically identified, particularly with respect to their origin. In addition, the audit trail must be adequately supported. Failure to adequately support any allocated cost may result in denial of its recovery in rates.
  - e) Costs which would have been denied recovery in rates had they been incurred by Cascade regulated operations will likewise be denied recovery whether they are allocated directly or indirectly through MDU Resources.
- 15) MDU Resources and Cascade commit that Cascade will maintain separate debt. Cascade will maintain its own corporate credit rating from Moody's and/or S&P or their successor rating agencies.
  - 16) MDU Resources and Cascade will exclude all costs of the transaction from Cascade's utility accounts for rate making purposes. Within 90 days following completion of the transaction, MDU Resources will provide an accounting of these costs.
  - 17) MDU Resources and Cascade will provide the Commission, upon request, with unrestricted access to all written information provided by and to credit rating agencies that pertains to Cascade or MDU Resources.
  - 18) The capital requirements of Cascade, as determined to be necessary to meet its obligation to provide safe and reliable service to the public, will be given a high priority by MDU Resources.
  - 19) MDU Resources and Cascade commit that neither Cascade nor its subsidiaries will, without the approval of the Commission, make loans to MDU Resources or its respective subsidiaries, or assume any obligation or liability as guarantor, endorser, surety or otherwise for MDU Resources or its respective subsidiaries; provided that this condition will not prevent Cascade, to the extent allowed by law, from making loans or transferring funds to a subsidiary of Cascade or assuming any obligation or liability on behalf of a subsidiary of Cascade. MDU Resources will not pledge any of the assets of the business of Cascade as backing for any securities which

MDU Resources or its respective subsidiaries, but excluding Cascade and its subsidiaries, may issue.

- 20) MDU Resources and Cascade will not advocate for a higher cost of debt or equity capital as compared to what Cascade's cost of debt or equity capital would have been, using Commission standards, absent MDU Resources' ownership.
- 21) Nothing in these acquisition commitments shall be interpreted as a waiver of Cascade's or MDU Resources' rights to request confidential treatment for information that is the subject of any commitments.
- 22) Unless otherwise specified by Commission regulations or applicable statute, the Commission shall give MDU Resources and Cascade written notification of any alleged violation by either company of the commitments made in this application. If such failure is corrected within ten (10) business days for failure to file reports, or five (5) business days for other violations, the Commission shall take no action. MDU Resources or Cascade may request, for cause, an extension of these time periods. If MDU Resources or Cascade fails to correct such violations within the specified time frames, as modified by any Commission-approved extensions, the Commission may seek penalties for violation of a Commission order, against either MDU Resources or Cascade, but not both, as allowed under state laws and regulations.
- 23) MDU Resources and Cascade commit to an annual review to identify any incremental DSM and energy efficiency opportunities in Cascade's service area. MDU Resources and Cascade will work with the appropriate agencies to implement any such incremental opportunities identified and, if appropriate, file for Commission approval of any such incremental opportunities.
- 24) MDU Resources and Cascade commit to maintaining adequate staffing and presence in each state, consistent with the provision of safe and reliable service and cost-effective operations.
- 25) Within twelve months of the closing of the transaction and annually thereafter through 2010, Cascade will file a report with the Commission regarding the implementation of the Commitments. The report will, at a minimum, provide a description of the performance of each of the commitments that have quantifiable results. If any of the commitments is not being met, relative to the specific terms of the commitment, the report shall provide proposed corrective measures and target dates for completion of such measures. Cascade will make publicly available at the Commission non-confidential portions of the report.

- 26) MDU Resources and Cascade commit that they will not propose rate recovery of the Acquisition Premium; provided, however, that MDU Resources and Cascade may request that this commitment be modified if a party in a proceeding before the Commission proposes an adjustment to Cascades's revenue requirement that MDU Resources and Cascade assert violates the regulatory theory of the matching principle. If Cascade seeks recovery of the Acquisition Premium, then other Parties are free to oppose such recovery, including the validity of the matching principle.
  
- 27) Cascade and/or the MDU Resources Foundation will maintain at least Cascade's current level of charitable contributions in Washington and Oregon. Some of those contributions may be made directly by Cascade in support of local organizations. In addition, qualified tax-exempt 501(c)(3) entities will be eligible to apply for grants from MDU Resources Foundation.