

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-240008

CASCADE NATURAL GAS CORPORATION

SECOND EXHIBIT (CONFIDENTIAL) TO THE
DIRECT TESTIMONY OF KIRSTI B. HOURIGAN

SHADED INFORMATION IS DESIGNATED AS
CONFIDENTIAL PER PROTECTIVE ORDER IN
DOCKET UG-240008

REDACTED
VERSION

March 29, 2024



LOCATION: MDU RESOURCES
 DATE: 10/11/2023
 WRITER: Anne Jones
 SUBJECT: Year-end Salary Review

Dave Goodin	Nicole Kivisto	Rob Johnson	Jason Vollmer
Peggy Link	Paul Sanderson	Stephanie Barth	Jeff Rust
Julie Gerving	Marc Dempewolf	Pat Darras	Jay Skabo
Tammy Nygard	Garret Senger	Mark Chiles	Scott Madison
Eric Martuscelli	Hart Gilchrist		

The 2024 salary budget for non-bargained employees was approved at 4.5%. Generally, we hold .5% for a potential mid-year increase, however the full budget will be utilized to support the Compensation Study (CS) related costs.

Compensation Study Dollars are ear-marked for individuals who need more than 4.5% to maintain their current Zone after we apply the 2024 Salary Structure and grade mapping. The CS dollars will be pre-populated in the salary spreadsheets and reflective of the 2024 Salary Structure and job mapping. We expect most dollars to be applied as listed. However, if that is not appropriate, and leaders want to use these dollars for other team members, supporting comments for the adjustments must be provided. Unused CS will go back to the overall budget and used to create equity across the pay grades within our organization. I ask each of you to work with your leadership teams to stay within the 4.5% budget and apply the CS dollars to support this philosophy.

Increases should be allocated based on performance and internal equity. While a percentage increase less than 2% should not be used except for those newly hired and those with low performance, you and your leaders should differentiate exceptional performers, work toward equity, recognize positions that are difficult to fill and address compression. Any increases over 6.5% and those that exceed the CS recommended increase will need justification added to the worksheet for consideration.

Leaders should identify year-end promotion requests directly in the provided Excel spreadsheet. Non-competitive promotions are typically considered only during the year-end and mid-year salary review. If a promotion requires more than 10% to bring employee within the grade, we recommend holding the promotion and use the grade range to recognize performance through increased pay.

Employees at or above the salary range maximum (120% compa) are “red-circled” and ineligible for a base pay increase, however, are eligible for a lump sum. In addition, employees receiving Marginal or Unacceptable performance ratings are not eligible for a merit increase. A Performance Improvement Plan or action should already be in place for these employees or if assistance is needed, please contact HR.

Deferred Compensation participant salary increases will be managed with this process and count towards the 4.5% budget. Please email your salary recommendations for those identified on your spreadsheets to Brooke Meyer **no later than October 27th**. It is important to note that those recommended for participation must be at a salary level of \$185,000 or greater.

You and your directors can expect an email in the coming days with your Excel spreadsheet to conduct Salary Review.

Below is the guideline with additional information that will be provided to all Directors.

Melinda Steckler	Kirsti Hourigan	Amanda Ross	Roxanne Roerick	Becky Dorwart
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Directors will receive an email with an excel file to administer this year’s salary review process with file instructions. Directors, please work with your leadership team(s) to complete salary recommendations and email them to your Officer **no later than Wednesday, October 30th**. As a reminder, the UKG Supervisor will deliver the merit increase letters so please ensure they looped into the process.

Review Demographics

Spreadsheets reflect UKG data as of early October.

- All your direct and indirect reports will be listed on your worksheet.
- Ensure all employees are listed with accurate title, grade, rate/salary and appraisal rating.
- For recent new hires, you may select a performance score if they should be eligible for an increase.

Compensation Study

Compensation Study (CS) dollars will be identified in a separate column. The philosophy is that employees should remain in the same Zone prior to the CS implementation. As a result, we expect most dollars to be applied as listed. However, if that is not appropriate, and you want to use these dollars for other team members, you must provide supporting comments for the adjustments. Unused CS will go back to the overall budget and used to create equity across the organization.

Merit Increases

The 2024 salary budget for year-end was approved at 4.5%. Generally, we hold .5% for a potential mid-year review, however the full budget is available for the year-end review.

- Increases should not be less than 2% except for newer hires. Differentiate increases by performance, work to ensure internal equity, recognize positions that are difficult to fill and address compression issues.
 - New hire Increases should be appropriate to their time in the job. For example, someone with 4 months service could receive 1.25%-1.75% (approximately a third of the 4.5% budget).
- Employees who are overall proficient but have a marginal in major job accountabilities and/or teamwork, depending on the longevity of the performance concern, 2% would be the starting point for an increase.
- Increases 6.5% and higher will require justification comments. Exceptions should be infrequent and will require justification such as: High performer, flight risk, equity concern, etc.
- To be eligible for an increase, an employee’s performance must be rated proficient or higher.
- Review the *Merit Guideline* below as a starting point and to promote a consistent approach.

Performance Rating	Merit Inc %
Distinguished	5% - 6.5%
Commendable	4% - 5.5%
Proficient	2% - 4%
Marginal	0.00%
Unacceptable	0.00%

Lump Sums

Lump Sums do not increase base salary and will be paid in January 2024. You may utilize a lump sum to recognize contributions in several scenarios:

- Employees at or above 120% compa maximum as they are ineligible for a base pay increase. There may be a small number of exceptions due to compression.
- Where equity needs improvement amongst a group of employees, especially important to review when you have employees in the premium zone.
- Those who are planning a year-end or near-term retirement.

Promotions and Job Changes:

- If a promotion requires more than 10% to bring employee within the grade, we recommend using the grade range to recognize performance and holding on the promotion.
- You will identify promotion recommendations in the identified section of your excel file along with:
 - Confirm that the employee meets the minimums of the new position; and
 - List additional responsibilities that demonstrate they have been prepared and are performing in a manner appropriate for a promotion.

Work with your HR Representative as you have questions. Prior to approving, Officers will review their overall group with HR to finalize recommendations by November 22:

- Brooke Meyer – MDUR/Primary
- Andrea Aldinger - MDUG
- Terese Schneider – WBI

Salary Review Timeline

- **10/30** – Worksheets due to Officers from Directors.
- **11/13** – Officer worksheets due to HR.
- **11/22** – HR works with Officers to finalize recommendations.
- **Week of 11/27 and 12/4** – Employee Compensation meetings.
- **Week of 12/12** – Final approval of recommendations by Presidents.
- **12/15** – Approved spreadsheets back to Officers.
- **Week of 12/18** – UKG Supervisor communicates salary increase information to employees.

Effective Date of 2024 Increases

12/18/23

Check Date Reflecting New 2024 Wage

01/12/24

2024 Salary Structure

Note: Not to be shared outside the Salary Review process. Please allow the employee education to unfold in late November/early December along with the process to communicate the structure the week of 12/18.

