

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
FIRST EXHIBIT TO THE
DIRECT TESTIMONY OF LORI A. BLATTNER

March 29, 2024

I. PURPOSE

- A. The Approval Authorization Policy and the accompanying Approval Authorization Manual is the formal means of designating who has the authority to approve and bind the company for transactions by MDU Resources Group, Inc. and certain of its subsidiaries.
- B. The Approval Authorization Manual indicates minimum electronic or written signature requirements by Approval Authority Level, and to whom the respective delegations have been made.

II. SCOPE

- A. This policy shall apply to Cascade Natural Gas Corporation, Intermountain Gas Company, Great Plains Natural Gas Co. and Montana-Dakota utilities Co., all subsidiaries of MDU Energy Capital, LLC (collectively “MDU Energy Capital” or “MDU Utilities Group”), MDU Resources Group, Inc. (“MDU Resources”) and Centennial Holdings Capital, LLC (Centennial Holdings) and its subsidiaries.

III. DEFINITIONS

- A. Approval Authorization Manual - means the Approval Authorization Manual with this policy which designates the authorizations and required approvals for transactions generally applicable to the companies within the scope of the policy.
- B. Approval Authority Level – means for each of the companies within the scope of this policy, the salary class and its associated level of approval authority.
- C. Authorized Individual - means an individual(s) holding a salary class, title or office designated as the minimum level of authorization or approval required for a transaction as shown on the Approval Authority Levels.
- D. Additional Review Required – notations identify associated salary class(es) and/or job titles involved in specific transactions. The additional review may be an approval requirement or may only be for informational or record-keeping purposes. Before the transaction is affected, the signatures of the additional parties must be obtained.

IV. APPROVAL AUTHORITY LEVELS

Title	Level
Controller - Utility Group; VP, Regulatory Affairs & Customer Service; Director, Tax & Compliance (MDUR); Director Internal Auditing (MDUR); Assistant Treasurer (MDUR)	E
VP, Electric Supply; VP, Engineering & Operations Services; VP, Field Operations; VP, Safety Process Improvement & Operations System	F
EVP, Business Development & Gas Supply	G
VP, Chief Information Officer (MDUR); VP, Chief Human Resources Officer (MDUR); VP, CAO & Controller (MDUR)	H
VP, Chief Legal Officer & Secretary (MDUR); Chief Utilities Officer	I
VP, CFO & Treasurer (MDUR)	J
President & CEO –	K

V. LIMITS OF THE AUTHORIZATION

- A. The policy does not empower any individual or delegate to authorize a transaction that is prohibited or restricted by other procedures, practices or policies of the company. In no case shall the provisions of the policy be considered as taking precedence over administrative or departmental instruction or practice which may require approval of a particular transaction at a higher level or under more specific instructions.

- B. It should be understood by the authorized approvers that this authority carries responsibility and that each is accountable for their approvals. When a transaction involves a related party see Corp Policy 85.

VI. PROCEDURE

- A. The accompanying Approval Authorization Manual is broken into three sections: Commitment and Disbursements of Company Funds, Capital Expenditure Authorizations, and Contracts, Written Execution. Each section applies to a specified transaction type.
- B. The Authorized Individuals holding the salary class listed in the Approval Authority Level are authorized to approve transactions for their department up to the dollar amount indicated in the Approval Authorization Manual.
- C. Authorized Individuals should recognize the applicable notes within the Approval Authorization Manual and obtain such additional review if required. If there are additional policies that apply to the transaction being approved, these must be followed as well as the Approval Authorization Manual.

VII. ADMINISTRATION

- A. The Controller of the MDU Utilities Group companies has the responsibility for the overall administration of this Policy. The General Accounting Manager of each company will maintain a file of the current "in-effect" Authorized Individuals for Authority Approval Level as applicable to their associated company(ies). Establishment of administrative procedures for compliance with the policy is the responsibility of the officers and managers of MDU Utilities Group and MDU Resources Group, Inc.

Reviewed:


Controller
MDU Energy Capital, LLC

Date: 12-16-2023

Approved:


President and CEO
MDU Energy Capital, LLC

Date: 12-18-2023

Approved:


Vice President, CFO & Treasurer
MDU Resources Group, Inc.

Date: 12-18-2023

Approved:


President and CEO
MDU Resources Group, Inc.

Date: 12-18-2023

APPROVAL AUTHORIZATION POLICY

COMMITMENT AND DISBURSEMENT OF COMPANY FUNDS

The “Expense or Capital Items” levels of authority are to be followed unless specifically stated as an exception below. Expense reports and credit card charges always require immediate supervisor’s approval. Reference MDUR Corporate Policy 51.

Expense or Capital Items, including Purchase Order Approvals (except as noted below)	Minimum Approval Salary Class Required
<ul style="list-style-type: none"> Up to and including \$10,000.00 	36 - 37 (Supervisors, Managers, & Supervisory Roles only)
<ul style="list-style-type: none"> Up to and including \$50,000.00 	38 - 40
<ul style="list-style-type: none"> Up to and including \$100,000.00 	41 - 43
<ul style="list-style-type: none"> Up to and including \$500,000.00 	E - H
<ul style="list-style-type: none"> Up to and including \$500,000.01 and greater 	I - K

Exceptions to Expense or Capital Items:	Minimum Approval Salary Class Required
Coal Supply Purchases (Under previously approved contracts)	36 - 37 (Supervisors, Managers, & Supervisory Roles only)
Electric Power Purchases (Under previously approved contracts)	36 - 37 (Supervisors, Managers, & Supervisory Roles only)
Gas/Electric Derivative Settlements (Under previously approved contracts)	36 - 37 (Supervisors, Managers, & Supervisory Roles only)
Gas Supply Purchases (Under previously approved contracts)	36 - 37 (Contract Administrator, Supervisors, Managers, & Supervisory Roles only)
Carbon Compliance Purchases (Under previously approved plan)	42 – Director, Gas Supply
Contributions & Donations to Civic and Charitable Organizations	If over \$1,000, funds should be requested from the MDUR Foundation
Intercompany Payments, Recurring Payments (Required Review by Accounting Manager)	36 - 37 (Supervisors, Managers, & Supervisory Roles only)
Interest Payments on Loan Agreements	MDUR Treasury Dept
Land Account Disbursements (Required review by Director, Electric Transmission Engineering monthly)	Land Agents only
<ul style="list-style-type: none"> Additional Funding to MDU Land Account (Required review by Director, Electric Transmission Engineering) 	42 - Director, Electric Transmission Engineering
MDU Resources President & CEO Department Costs, up to \$10,000	Asst to Chair, President & CEO
Moving Expenses (Refer to MDUR Corporate Policy 122-Relocation)	
Office Furniture & Equipment (Consult with the Facilities and Administrative Services Manager)	Use Expense and Capital Approval Levels noted above
Payroll, Benefits, and Payroll Tax Related Payments	MDUR Payroll Shared Services
Tax Payments greater than minimum approval level of authority (Federal/State Income Tax, Federal/State Property Tax, Other City/State Imposed Taxes) City/state taxes and property taxes Federal/State Income Taxes	UG Controller MDUR Tax Director and CAO
Telecommunications bills	IT Gov & Compliance Analyst

APPROVAL AUTHORIZATION POLICY

Tools, Attachments or Accessories Associated with Auto & Work Equipment (Refer to Utility Group Policy AD 101)	Required Review by Fleet Department if over \$1,000
Maintenance and Repair of Company Vehicles, Work Equipment, and Trailers (Refer to Utility Group Policy OPS 25)	Required Review by Fleet Department if over \$500
Tuition Reimbursement (Refer to MDUR Corporate Policy 140)	Required Review by Human Resources Personnel
PNC, Voyager, Visa Payments	MDUR Accounts Payable Shared Services Manager

CAPITAL EXPENDITURE AUTHORIZATIONS

Prior to incurring any capital expenditures, a capital work order must be created and approved in the Power Plan system. Maximo initiated work orders must all be approved by a salary class 38-40 in Maximo before being interfaced to Power Plan. Prior to approval, all construction authorizations requiring regulatory certification must be reviewed by Regulatory Affairs.

Minimum approval level requirements are based on total construction/purchase/preliminary survey and investigation (PS&I) expenditures **including** any retirement removal cost, salvage credit amounts and capital overhead (ES/GA) but **exclude** Allowance for Funds Used During Construction (AFUDC), **non-refundable** contributions in aid of construction (CIAC) and refundable customer advances for construction (CAC).

An Executive Summary will be required to be attached to the Power Plan work order for each work order authorizing expenditures of \$150,000 or more.

Refer to the Accounting for Capital Expenditures and Fixed Assets Policy (AD 114) to determine if expenditures qualify as a capital investment.

A variance explanation of the amount actual expenditures exceeds the original authorized amount must be provided in the "User Comment" tab of a work order if:

1. The work order is authorized for less than one million dollars and the actual expenditures exceed the original authorization by \$100,000 or more.
2. The work order is authorized for one million or more and the actual expenditures exceed 10% of the original authorized amount.

Authorizations are not required for non-capital expense or billable work orders. The invoices associated with these projects will be approved as required under the Commitment and Disbursement of Company Funds section of this policy.

Budget Capital Expenditures	Minimum Approval Salary Class Required
• Up to and including \$50,000.00	38 - 40
• Up to and including \$200,000.00	41 - 43
• Up to and including \$500,000.00	E - H
• Up to and including \$500,000.01 and greater	I - J

Non-Budget Capital Expenditures (Specific Funding Project Required)	Minimum Approval Salary Class Required
• Up to and including \$50,000.00	41 - 43
• Up to and including \$200,000.00	E - H
• Up to and including \$500,000.00	I - J
• Up to and including \$500,000.01 and greater	K

CONTRACTS, WRITTEN EXECUTION

Prior to execution, the following contracts shall be reviewed by the Legal Department of MDU Resources Group:

1. Standard contracts for which an amount to be paid or received by a Company, or the value of an obligation to be performed by or for a Company, is \$500,000 or greater. A standard contract for purposes of this policy provision shall mean an approved form contract maintained by the Company.
2. Non-standard contracts for which an amount to be paid or received by a Company, or the value of an obligation to be performed by or for a Company, is \$100,000 or greater; or for which the length of term of the contract is, or could be, greater than one year.
3. Contracts or contract provisions of which the individual reviewing or approving the contract has questions, uncertainties, concerns or which create unusual obligations on the Company.

Third Party Contracts (work performed for others and includes engineering services; project management services and construction services performed for others and primarily includes non-regulated activities) Prior to approval, all proposals requiring regulatory certification must be reviewed by Regulatory Affairs. Approval levels are based on anticipated gross revenue. Minimum approval level requirements are based on total contract value. Accordingly, multi-year contracts approval requirements will be based on sum of each year’s proposed work to determine total contract value.


Contracts, Written Execution (except as noted below)	Minimum Approval Salary Class Required
• Up to and including \$10,000.00	36 - 37 (Supervisors, Managers, & Supervisory Roles only)
• Up to and including \$50,000.00	38 - 40
• Up to and including \$100,000.00	41 - 43
• Up to and including \$500,000.00	E - H
• Up to and including \$500,000.01 and greater	I - K


Exceptions to Contracts, Written Execution:	Minimum Approval Salary Class Required
Coal Supply Contracts (Required Review by VP, Electric Supply)	E - H
Electric Power Contracts (Required Review by VP, Electric Supply)	E - H
Gas Supply Contracts (Required Review by EVP, Bus Dev & Gas Supply)	E - H
Carbon Compliance Plan (Required Review by EVP, Bus Dev & Gas Supply)	E - H
Gas Transportation Contracts (Contracts for Pipeline transportation service for purchased natural gas)	E - H
• Additions to and revision of contract exhibits related to system delivery	41-43
Agency Agreements	
• Natural gas procurement services for natural gas transport customers	E - H
• Utility bill payment collection services	E - H
• Service Line Extension Contracts (Main Line Extension Contracts should follow the regular approval section above)	Energy Services Rep.
Derivative Transactions (Refer to MDUR Corporate Derivative Policy 21)	
• Authorized by MDUR Corporate Hedging Policy	E - H
• Exceptions to MDUR Corporate Hedging Policy	I - K

APPROVAL AUTHORIZATION POLICY

Real Estate Contracts	
<ul style="list-style-type: none"> Purchase Agreements, Permit Applications, Release of Damages, Land Rights Receipts 	35 - 43 (Land Agents, Field Operations, Engineering, Energy Services)
<ul style="list-style-type: none"> Easements, Permits, Releases, Crossings, Encroachments, Assignments, Plats 	E - H
<ul style="list-style-type: none"> Platted Easement Vacates 	District Managers, Region Directors
<ul style="list-style-type: none"> Purchase/Disposal (deeds, closing documents, settlement statements) 	I - K
Research and Development Costs	K
Surety Bond, Performance Bonds	
<ul style="list-style-type: none"> Up to and including \$100,000.00 	E - H
<ul style="list-style-type: none"> \$100,000.01 and greater 	I - K

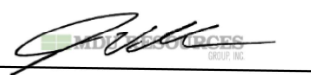
Contracts, Written Execution Without a Defined Financial Obligation:	Minimum Approval Salary Class Required
Confidentiality Agreements (to be logged/registered in Business Development)	E - J
Electric Territorial Service Agreements (Required Review – VP Electric Supply and VP Field Operations)	I - K
Franchise Agreements	E - H
Interconnect Agreements	E - H

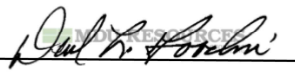
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