

CASCADE NATURAL GAS CORPORATION
2014 Affiliated Interest Report to the
Washington Utilities and Transportation Commission

Period ended December 31, 2014

1. INCLUDE A CORPORATE ORGANIZATION CHART OF THE UTILITY AND ITS AFFILIATED INTERESTS AND SUBSIDIARIES.

See the attached organizational chart. Please note that CGC Resources, Inc. had no transactions with the Company in 2014.

2. AFFILIATED INTEREST AND SUBSIDIARY TRANSACTIONS

(a) A BALANCE SHEET AND INCOME STATEMENT FOR SUCH AFFILIATED INTEREST.

WBI Energy Transmission Inc., former name Williston Basin Interstate Pipeline Company, is part of MDU Resources Pipeline and Energy Services. Below is the Income Statement and Balance Sheet for Pipeline and Energy Services.

Pipeline and Energy Services	
Year ended December 31,	2014
Income statement data (000's)	
Operating revenues	\$215,868
Operating expenses:	
Purchased natural gas sold	58,835
Operation and maintenance	75,406
Depreciation, depletion and amortization	30,645
Taxes, other than income	13,366
Total operating expenses	178,252
Operating income	37,616
Other income (expense)	864
Interest expense	10,048
Income (loss) before taxes	28,432
Income taxes	9,699
Income from continuing operations	\$18,733

Pipeline and Energy Services	
Year ended December 31,	2014
Balance sheet data (000's)	
Property, plant and equipment	\$1,220,233
Less accumulated depreciation, depletion and amortization	295,836
Net property, plant and equipment	924,397
Other assets	157,505
Total identifiable assets	\$1,081,902

(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 - Parent Company to Cascade Natural Gas Corporation. Provides management/consulting/legal services to Cascade Natural Gas Corporation.
- WBI Energy Transmission, Inc. – Handles 24/7 gas control monitoring of Cascade’s distribution system and provides notification to the appropriate personnel in a situation where a problem is detected. Their service ended March 31, 2014. Cascade currently handles 24/7 gas control monitoring on site.
- WBI Energy, Inc. – Part of WBI Holdings, Inc. and an indirect, wholly-owned subsidiary of MDU Resources Group, Inc. WBI owns and operates 3,800 miles of transmission, gathering and storage lines and owns or leases and operates thirty compressor stations located in the states of Montana, North Dakota, South Dakota, and Wyoming. WBI’s system is located near five natural gas producing basins, making natural gas supplies available to WBI’s transportation and storage customers. WBI owns the FLOWCAL software designed to manage electronic flow measurement data in the natural gas industry and to validate volumes and energy for pipeline operations.

(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.

Cascade and WBI entered into a System Monitoring and Notification Services Agreement for the gas control monitoring services provided by WBI, which was filed with the Commission on March 2, 2010. Cascade and WBI also entered into a Software Licensing Agreement for the FLOWCAL software provided by WBI, which was filed with the Commission on April 29, 2010. The total cost of the project in 2014 was \$66,905.56 and

of this amount \$50,647.51 has been allocated to Washington. This cost has been charged to gas control costs.

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

MDU Resources Group, Inc:

<u>Account</u>	<u>Description</u>	<u>Total Company</u>	<u>Total Washington</u>
426.1	Donation Expense	\$ 13,109.35	\$ 9,923.78
426.4	Political Activities	\$ 17.69	\$ 13.39
813	Other Gas Supply Expenses	\$ 225,033.97	\$ 170,350.72
875	Measuring & Regulating Expenses	\$ 211,075.28	\$ 159,783.99
880	Other Expense	\$ 689,618.19	\$ 522,040.97
902	Routine Meter Reading Expense	\$ 149,763.90	\$ 113,371.27
903	Customer Collection Expense	\$ 4,195,171.60	\$3,175,744.90
909	Informational & Instructional Advertising Expense	\$ 19,871.98	\$ 15,043.09
920	Administrative & General Salaries	\$ 4,017,677.24	\$3,041,381.67
921	Office Supplies & Expenses	\$ 3,449,587.76	\$2,611,337.93
922	Administrative Expense Capitalized	\$ (3,127.18)	\$ (2,367.28)
923	Outside Services Employed	\$ 275,495.56	\$ 208,550.14
925	Injuries and Damages	\$ 2,843.99	\$ 2,152.90
926	Employee Pensions & Benefits	\$ 162,200.61	\$ 122,785.86
930.1	General Advertising Expenses	\$ 19,830.38	\$ 15,011.60
930.2	Misc. General Expenses	\$ 142,250.23	\$ 107,683.42
931	Rents	\$1,222,466.78	\$ 925,407.35
	Grand Total	\$14,792,887.33	11,198,215.71

Capital Work Orders \$3,249,124.41 \$2,459,587.18

<u>Account</u>	<u>Description</u>	<u>Total Company</u>	<u>Total Washington</u>
	Knife River	\$ 65,949.81	\$ 0
	Loy Clark	\$ 1,848.00	\$ 0
	WBI	\$ 66,905.56	\$50,647.51

Total \$18,176,715.11 \$13,708,450.40

(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.

There were no loans made to any affiliated interest or subsidiary during 2014.

- (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.

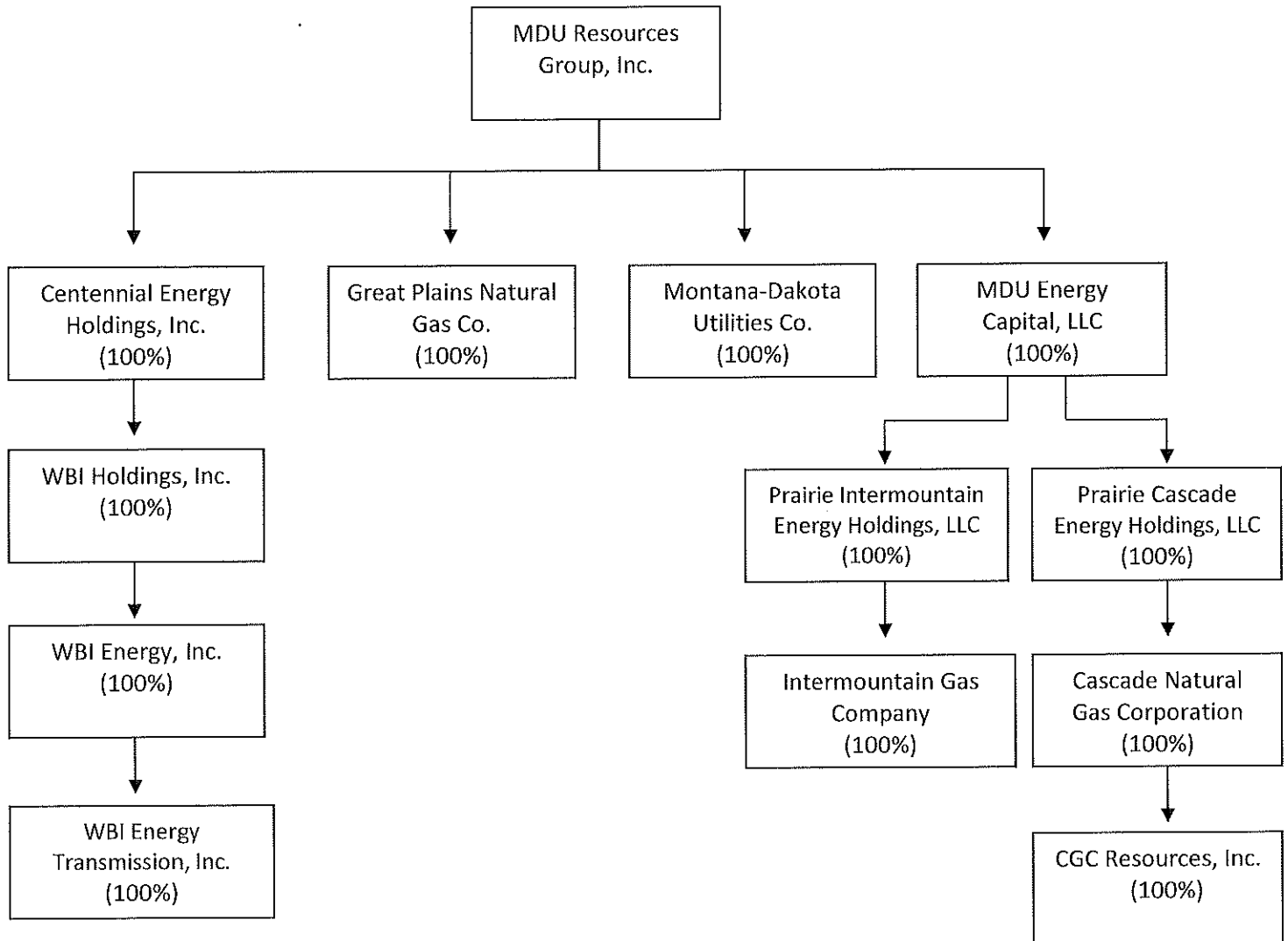
- MDU Resources Group, Inc - Parent Company to Cascade Natural Gas Corporation. Provides management/consulting/legal services to Cascade Natural Gas Corporation.
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- (g) A LIST OF ALL COMMON OFFICERS AND DIRECTORS BETWEEN THE GAS UTILITY AND EACH SUCH AFFILIATED INTEREST OR SUBSIDIARY, ALONG WITH THEIR TITLES IN EACH ORGANIZATION.

Please see the attached lists. (Common directors and officers among Cascade Natural Gas Corporation, CGC Resources, Inc. and WBI Energy Transmission, Inc. are placed in bold.)

Attachments

Subsidiaries of MDU Resources Group, Inc.
Effective Date: 2/13/2015
Created Date: 2/13/2015



Cascade Natural Gas Corporation

Directors

David L. Goodin

Nicole A. Kivisto

Paul K. Sandness

Doran N. Schwartz

Officers

David L. Goodin

Chairman of the Board

Michel J. Gardner

Executive Vice President – Utility Operations Support

Mark A. Chiles

Vice President, Controller, Assistant Treasurer
and Assistant Secretary

Julie A. Krenz

Assistant Secretary

Daniel S. Kuntz

Assistant Secretary

Scott W. Madison

Executive Vice President and General Manager

Jason L. Vollmer

Treasurer

Eric P. Martuscelli

Vice President - Operations

Nicole A. Kivisto

President and Chief Executive Officer

Paul K. Sandness

General Counsel and Secretary

Anne M. Jones

Vice President, Human Resources,
Customer Service and Safety

CGC Resources, Inc.

Directors

David L. Goodin

Nicole A. Kivisto

Paul K. Sandness

Officers

Jason L. Vollmer

Treasurer

Scott W. Madison

Vice President

Nicole A. Kivisto

Chairman of the Board, President and Chief Executive Officer

Paul K. Sandness

General Counsel and Secretary

WBI Energy Transmission, Inc.

Directors

Steven L. Bietz

David L. Goodin

Paul K. Sandness

Officers

Steven L. Bietz	President and Chief Executive Officer
Stephanie A. Barth	Vice President, Treasurer and Chief Accounting Officer
Scott A. Fradenburgh	Vice President - Operations
David L. Goodin	Chairman of the Board
John P. Stumpf	Senior Vice President of Business Development and Midstream
Julie A. Krenz	Assistant Secretary
Timothy W. Michelsen	Vice President - Administration,
Rob L. Johnson	Vice President – Market Services
Paul K. Sandness	General Counsel and Secretary
Adrienne L. Riehl	Assistant Secretary