



e-FILING REPORT COVER SHEET

COMPANY NAME:

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes If yes, submit a redacted public version (or a cover letter) by email. Submit the confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

Select report type: RE (Electric) RG (Gas) RW (Water) RT (Telecommunications)
RO (Other, for example, industry safety information)

Did you previously file a similar report? No Yes, report docket number:

Report is required by: OAR
Statute
Order

Note: A one-time submission required by an order is a compliance filing and not a report (file compliance in the applicable docket)

Other
(For example, federal regulations, or requested by Staff)

Is this report associated with a specific docket/case? No Yes, docket number:

List Key Words for this report. We use these to improve search results.

Send the completed Cover Sheet and the Report in an email addressed to PUC.FilingCenter@state.or.us

Send confidential information, voluminous reports, or energy utility Results of Operations Reports to PUC Filing Center, PO Box 1088, Salem, OR 97308-1088 or by delivery service to 201 High Street SE Suite 100, Salem, OR 97301.



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
TELEPHONE 509-734-4500 FACSIMILE 509-737-7166
www.cngc.com

May 31, 2022

Oregon Public Utility Commission
P.O. Box 1088
Salem, OR 97308-1088

Attn: Filing Center

RE: RG-44 Cascade Natural Gas Corporation's 2021 Affiliated Interest Report
And Cost Allocation Manual

Pursuant to OAR 860-027-0100 and OAR 860-027-0048(6), Cascade Natural Gas Corporation submits its 2021 Affiliated Interest Report and its Cost Allocation Manual.

If you have any questions, please direct them to me at (208) 377-6015.

Sincerely,

/s/ Lori A. Blattner

Lori A. Blattner
Director, Regulatory Affairs
Cascade Natural Gas Corporation
8113 W. Grandridge Blvd.
Kennewick, WA 99336-7166
Lori.blattner@intgas.com

Enclosures

In the Community to Serve®

CASCADE NATURAL GAS CORPORATION

Affiliated Interest Report for the Calendar Year 2021

I. An organizational chart showing the parent company, all subsidiaries, and the percentage of ownership for each.

See the attached organizational chart.

A. Changes in the list of directors and, or other changes in the list of directors and or officers in common to the regulated utility and the affiliated interest.

Please see the attached lists.

B. Changes in successive ownership between the regulated utility and the affiliated interest.

As illustrated in the attached organizational chart, there have been no changes in ownership.

C. A narrative description of the affiliated entity with which the regulated utility does business.

- MDU Resources Group Inc. - Parent Company to Cascade Natural Gas Corporation. Provides management/consulting/legal services to Cascade Natural Gas Corporation.
- Knife River Corporation - A subsidiary of MDU Resources. Provides asphalt services for Cascade Natural Gas Corporation. In addition, Cascade leases part of the facility with Knife River and provides distribution system transportation (Tariff Schedule 163) for a Knife River subsidiary company in Central Oregon.
- Centennial Holdings Capital LLC - A subsidiary of MDU Resources. Carries various liability insurance policies on behalf of Cascade Natural Gas Corporation.
- Montana-Dakota Utilities Co. (MDU) – A subsidiary of MDU Resources. 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) - A subsidiary of MDU Resources. Cascade provides 24/7 gas control monitoring of IGC’s distribution system and provides notification to the appropriate personnel when a problem is detected.
- FutureSource Capital Corp. – A subsidiary of Centennial Holdings Capital. Owner of MDUR corporate office buildings and land.

D. A balance sheet and income statement for the twelve months ending December 31, 2021.

Below are the Income Statements and Balance Sheets for each company.

MDU Resources Group, Inc.

Year ended December 31,	2021
Balance sheet data (000's)	
ASSETS	
Current assets:	
Cash and cash equivalents	\$6,159
Receivables, net	6,120
Accounts rec from subsidiaries	49,696
Prepayments and other current assets	2,528
Total Current Assets	\$64,503
Noncurrent Assets	
Investments	\$55,686
Investments in subsidiaries	3,368,537
Deferred income taxes	7,364
Operating lease right-of-use assets	114
Other	26,558
Total Noncurrent Assets	\$3,458,259
Total Assets	\$3,522,762
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	\$2,546
Accts pay to subsidiaries	6,133
Taxes payable	1,672
Dividends payable	44,229
Accrued compensation	4,098
Operating lease liab. due within one year	52
Other accrued liabilities	7,309
Total Current Liabilities	\$66,039
Noncurrent liabilities:	
Operating lease liabilities	\$62
Other	73,787
Total Noncurrent Liabilities	\$73,849
Commitments and contingencies	

Stockholders' equity:	
Common stock	\$203,889
Other paid-in capital	1,461,205
Retained earnings	1,762,410
Accumulated other comprehensive loss	(41,004)
Treasury stock at cost – 538,921 shares	(3,626)
Total Stockholders' Equity:	\$3,382,874
Total Liabilities and Stockholders' Equity	\$3,522,762

Year ended December 31, 2021
Income statement data (000's)

Equity in earnings of subsidiaries from continuing operations	\$377,731
Income from continuing operations	377,731
Equity in earnings (loss) of subsidiaries from discontinued operations	400
Net income	\$378,131
Comprehensive income	\$385,205

Intermountain Gas Company

Year ended December 31, 2021
Balance sheet data (000's)

ASSETS	
Current assets:	
Cash and cash equivalents	\$789
Receivables, net	45,932
Inventories	2,740
Prepayments and other current assets	17,291
Total Current Assets	\$66,752
Noncurrent Assets:	
Property, plant and equipment	\$860,657
Less accumulated depreciation and amortization	306,891
Net property, plant, and equipment	\$553,766
Regulatory assets	\$2,203
Operating lease right-of-use-assets	676
Materials and supplies inventory - at average cost	5,920
Other	6,110
Total Noncurrent Assets	\$568,675

Total Assets	\$635,427
--------------	-----------

LIABILITIES AND MEMBER'S EQUITY

Current liabilities:

Accounts payable	\$26,104
Taxes payable	6,362
Dividends payable	2,640
Accrued compensation	1,419
Regulatory liabilities due within one year	6,701
Operating lease liabilities due within one year	146
Other accrued liabilities	14,967

Total Current Liabilities	\$58,339
---------------------------	----------

Noncurrent Liabilities:

Long-term debt	\$186,182
Deferred income taxes	28,856
Regulatory liabilities	39,262
Accrued provision-pension and benefits	6,479
Asset retirement obligations	118,819
Operating lease liabilities	530
Customer advances	11,084
Other	472

Total Noncurrent Liabilities	\$391,684
------------------------------	-----------

Member's equity:

Member's equity, 100% owned at December 31.	\$1,513
Other paid-in capital	103,297
Retained earnings	82,238
Accumulated other comprehensive loss	(1,644)

Total Member's Equity:	\$185,404
------------------------	-----------

Total Liabilities and Member's Equity	\$635,427
---------------------------------------	-----------

Year ended December 31, 2021

Income statement data (000's)

Operating revenues	\$262,179
--------------------	-----------

Operating expenses:

Purchased natural gas sold	\$148,349
Operation and maintenance	58,279
Depreciation and amortization	20,811

Taxes other than income	12,328
Total Operating Expenses	\$239,767
Operating income	\$22,412
Other income (expense)	129
Interest expense	6,072
Income (loss) before taxes	\$16,469
Income taxes	\$3,343
Net Income	\$13,126

Montana-Dakota Utilities Co.

Year ended December 31, 2021
Balance sheet data (000's)

ASSETS

Current assets:

Cash and cash equivalents	\$1,461
Receivables, net	117,227
Inventories	15,403
Current regulatory assets	46,628
Prepayments and other current assets	3,781

Total Current Assets	\$184,500
----------------------	-----------

Noncurrent Assets:

Property, plant and equipment	\$3,118,581
Less accumulated depreciation and amortization	974,266
Net property, plant and equipment	\$2,144,315
Goodwill	\$4,812
Regulatory assets	205,912
Investments	42,044
Operating lease right-of-use-assets	18,758
Materials and supplies inventory - at average cost	29,446
Other	38,985

Total Noncurrent Assets	\$2,484,272
-------------------------	-------------

Total Assets	\$2,668,772
--------------	-------------

LIABILITIES AND MEMBER'S EQUITY

Current liabilities:

Long-term debt due within one year	\$700
------------------------------------	-------

Accounts payable	60,490
Taxes payable	23,318
Dividends payable	11,300
Accrued compensation	10,141
Regulatory liabilities due within one year	2,522
Operating lease liabilities due within one year	786
Other accrued liabilities	36,128
Total Current Liabilities	\$145,385

Noncurrent Liabilities:

Long-term debt	\$924,450
Deferred income taxes	236,144
Regulatory liabilities	208,504
Accrued provision-pension and benefits	36,895
Asset retirement obligations	164,115
Operating lease liabilities	17,972
Customer advances	15,397
Other	16,685
Total Noncurrent Liabilities	\$1,620,162

Member's equity:

Member's equity, 100% owned at December 31.	\$1
Other paid-in capital	191,871
Retained earnings	717,892
Accumulated other comprehensive loss	(6,539)
Total Member's Equity:	\$903,225
Total Liabilities and Member's Equity	\$2,668,772

Year ended December 31, 2021
Income statement data (000's)

Operating revenues	\$697,569
Operating expenses:	
Fuel and purchased power	\$74,105
Purchased natural gas sold	210,960
Operation and maintenance	191,567
Depreciation and amortization	94,967
Taxes other than income	30,591
Total Operating Expenses	\$602,190
Operating income	\$95,379

CONFIDENTIAL

Balance Sheet and Income Statement

Next 6 Pages

II. Affiliated Interest Shared Services Expense

Affiliated Interest Shared Services Expense			
Account	Description	Total Company	Total Oregon
	MDU/MDUR/IGC Consulting-Cap Exp	\$2,461,674.14	\$618,126.38
426.1	Donations	\$141,479.02	\$35,023.17
426.2	Life Insurance	(\$282,184.85)	(\$70,856.55)
426.4	Political Activities	\$324,160.02	\$81,396.59
426.5	Other Deductions	\$0.00	\$0.00
813	Other Gas Supply Expenses	\$185,849.52	\$46,666.78
870	Operation Supervision and Engineering	\$1,308,531.39	\$329,855.44
872	Compressor Station Operating Expense	\$33,101.37	\$1,478.27
874	Mains & Services Expenses	\$44,865.16	\$11,265.57
875	Measuring & Regulating Station Expenses - General	\$118,618.46	\$29,785.09
876	Measuring & Regulating Station Expenses - Industrial	\$19,600.59	\$4,921.71
878	Meter & Housing Regulator Expenses	\$5,340.00	\$1,340.87
880	Other Expenses	\$1,137,667.73	\$279,588.94
881	Rents	\$98,044.20	\$16,652.53
885	Maintenance Supervision and Engineering	\$38,016.86	\$9,550.57
887	Maintenance Mains	\$3,823.50	\$960.08
887.1	Pipeline Integrity	(\$0.05)	(\$0.01)
888	Compressor Station Maintenance	\$86,956.65	\$0.00
892	Maintenance of Services	\$98.30	\$24.68
894	Maintenance of Other Equipment	\$10,986.60	\$2,758.76
901	Supervision	\$42,972.88	\$10,790.46
902	Meter Reading Expenses	\$141,357.78	\$35,494.94
903	Customer Records & Collection Expenses	\$5,320,893.78	\$1,336,076.43
904	Uncollectible Accounts	\$704,670.07	\$101,507.23
908	Customer Assistance Expenses	\$43,977.41	\$10,741.41
909	Informational & Instructional Advertising Expenses	\$114,588.39	\$28,149.66
913	Promotional Advertising	\$2,175.00	\$546.14
920	Administrative & General Salaries	\$8,413,013.42	\$2,112,507.82
921	Office Supplies & Expenses	\$4,317,994.48	\$1,083,586.84
922	Administrative Expenses Transferred - Credit	\$0.00	\$0.00
923	Outside Services Employed	\$512,570.32	\$298,849.80
925	Injuries & Damages	\$22,953.37	\$3,087.91
926	Employee Pensions & Benefits	\$56,963.65	\$14,303.56
930.1	General Advertising Expenses	\$41,524.42	\$10,426.77
930.2	Misc. General Expenses	\$463,687.69	\$116,432.01
931	Rents	\$1,444,923.97	\$362,820.40
932	Maintenance of general plant	\$1,156.58	\$290.40
	Grand Total	\$27,382,051.82	\$6,924,150.65

PAYMENTS BY THE UTILITY TO THE AFFILIATE			
Affiliated Interest	Description	Total Company	Total Oregon
Future Source Capital Corp.	Rent	\$2,377.00	\$596.86
Knife River Corporation	Rent	\$76,055.76	\$76,055.76
Montana-Dakota Utilities Co.	Various Intercompany Services	\$15,883,415.63	\$3,988,325.66
MDU Resources Group, Inc.	Various Intercompany Services	\$8,072,418.87	\$2,026,984.38
Intermountain Gas Company	Various Intercompany Services	\$633,749.95	\$159,134.61
Centennial Holdings Capital LLC	Injuries & Damages Insurance	\$1,734,902.16	\$435,633.93

PAYMENTS BY THE AFFILIATE TO THE UTILITY			
Affiliated Interest	Description	Total Company	Total Oregon
Knife River Corporation	Property Taxes	\$19,708.90	\$19,708.90
Future Source Capital Corp	Rent	\$72,657.00	\$18,244.17
Intermountain Gas Co.	Various Intercompany Services	\$61,029.96	\$15,324.62

Descriptions of Basis Pricing

Attached is the Cost Allocation Manual which describes the costing method procedures for Cascade Natural Gas Corporation.

III. Intercompany loans to Cascade from an affiliate or loans from an affiliate to Cascade

A. Month-end amounts outstanding for short term and long term loans.

Cascade made no loans to any of the affiliates during 2021, and no affiliate loaned Cascade money in 2021.

B. The highest amount during the year.

Not applicable.

C. A description of the terms and conditions for loans including interest rate.

Not applicable.

D. The total amount of interest charged and the weighted average rate of interest.
Not applicable.

E. Commission Order approving the transactions.
Not applicable.

IV. Parent guaranteed debt of affiliate
None.

V. Transactions other than services
None.

Attachments

**2021 Affiliated Interest Report
Attachments**

Table of Contents

Lists of Directors and Officers..... 13
Organizational Charts16
Cost Allocation Manual17

Cascade Natural Gas Corporation

Primary Address

8113 West Grandridge Boulevard
Kennewick, Washington 99336-7166

Management Name	Title
Goodin, David L.	Director
Kivisto, Nicole A.	Director
Liepitz, Karl A.	Director
Vollmer, Jason L.	Director
Chiles, Mark A.	Vice President - Regulatory Affairs and Customer Service
Darras, Patrick C.	Vice President – Engineering and Operations Services
Gilchrist, Hart	Vice President - Safety, Process Improvement and Operations Systems
Goodin, David L.	Chair of the Board
Jones, Anne M.	Vice President and Chief Human Resources Officer
Kivisto, Nicole A.	President and Chief Executive Officer
Liepitz, Karl A.	General Counsel and Secretary
Link, Margaret (Peggy) A.	Vice President and Chief Information Officer
Madison, Scott W.	Executive Vice President - Business Development and Gas Supply
Martuscelli, Eric P.	Vice President – Field Operations
Nygaard, Tammy J.	Controller
Senger, Dustin J.	Treasurer
Senger, Garret	Executive Vice President - Regulatory Affairs, Customer Service and Administration
Waldon, Allison R.	Assistant Secretary

Montana-Dakota Utilities Co.

Primary Address

400 North Fourth Street
Bismarck, North Dakota 58501-4092

Management Name	Title
Goodin, David L.	Director
Kivisto, Nicole A.	Director
Liepitz, Karl A.	Director
Vollmer, Jason L.	Director
Chiles, Mark A.	Vice President - Customer Service
Darras, Patrick C.	Vice President – Engineering and Operations Services
Gilchrist, Hart	Vice President - Safety, Process Improvement and Operations Systems
Goodin, David L.	Chair of the Board
Jones, Anne M.	Vice President and Chief Human Resources Officer
Kivisto, Nicole A.	President and Chief Executive Officer
Liepitz, Karl A.	General Counsel and Secretary
Link, Margaret (Peggy) A.	Vice President and Chief Information Officer
Madison, Scott W.	Executive Vice President - Business Development and Gas Supply
Martuscelli, Eric P.	Vice President – Field Operations
Nygaard, Tammy J.	Controller
Senger, Dustin J.	Treasurer
Senger, Garret	Executive Vice President - Regulatory Affairs, Customer Service and Administration
Skabo, Jay	Vice President - Electric Supply
Waldon, Allison R.	Assistant Secretary

MDU Resources Group, Inc.

Primary Address

1200 West Century Ave
Bismarck, North Dakota 58503

Management Name	Title
Everist, Thomas	Director
Fagg, Karen B.	Director
Goodin, David L.	Director
Johnson, Dennis W.	Director and Chair of the Board
Moss, Patricia L.	Director
Rosenthal, Dale S.	Director
Ryan, Edward A.	Director
Sparby, David M.	Director
Wang, Chenxi	Director
Barth, Stephanie A.	Vice President, Chief Accounting Officer and Controller
Goodin, David L.	President and Chief Executive Officer
Jones, Anne M.	Vice President and Chief Human Resources Officer
Krause, Danielle (Dani) M.	Assistant Secretary
Liepitz, Karl A.	Vice President, General Counsel and Secretary
Link, Margaret (Peggy) A.	Vice President and Chief Information Officer
Riehl, Adrienne L.	Assistant General Counsel and Assistant Secretary
Senger, Dustin J.	Treasurer
Vollmer, Jason L.	Vice President and Chief Financial Officer

Intermountain Gas Company

Primary Address

555 South Cole Road
Boise, Idaho 83709

Management Name	Title
Goodin, David L.	Director
Kivisto, Nicole A.	Director
Liepitz, Karl A.	Director
Vollmer, Jason L.	Director
Chiles, Mark A.	Vice President - Regulatory Affairs and Customer Service
Darras, Patrick C.	Vice President – Engineering and Operations Services
Gilchrist, Hart	Vice President - Safety, Process Improvement and Operations Systems
Goodin, David L.	Chair of the Board
Jones, Anne M.	Vice President and Chief Human Resources Officer
Kivisto, Nicole A.	President and Chief Executive Officer
Liepitz, Karl A.	General Counsel and Secretary
Link, Margaret (Peggy) A.	Vice President and Chief Information Officer
Madison, Scott W.	Executive Vice President - Business Development and Gas Supply
Martuscelli, Eric P.	Vice President – Field Operations
Nygaard, Tammy J.	Controller
Senger, Dustin J.	Treasurer
Senger, Garret	Executive Vice President - Regulatory Affairs, Customer Service and Administration
Waldon, Allison R.	Assistant Secretary

Knife River Corporation

Primary Address

1150 West Century Avenue
Bismarck, North Dakota 58503

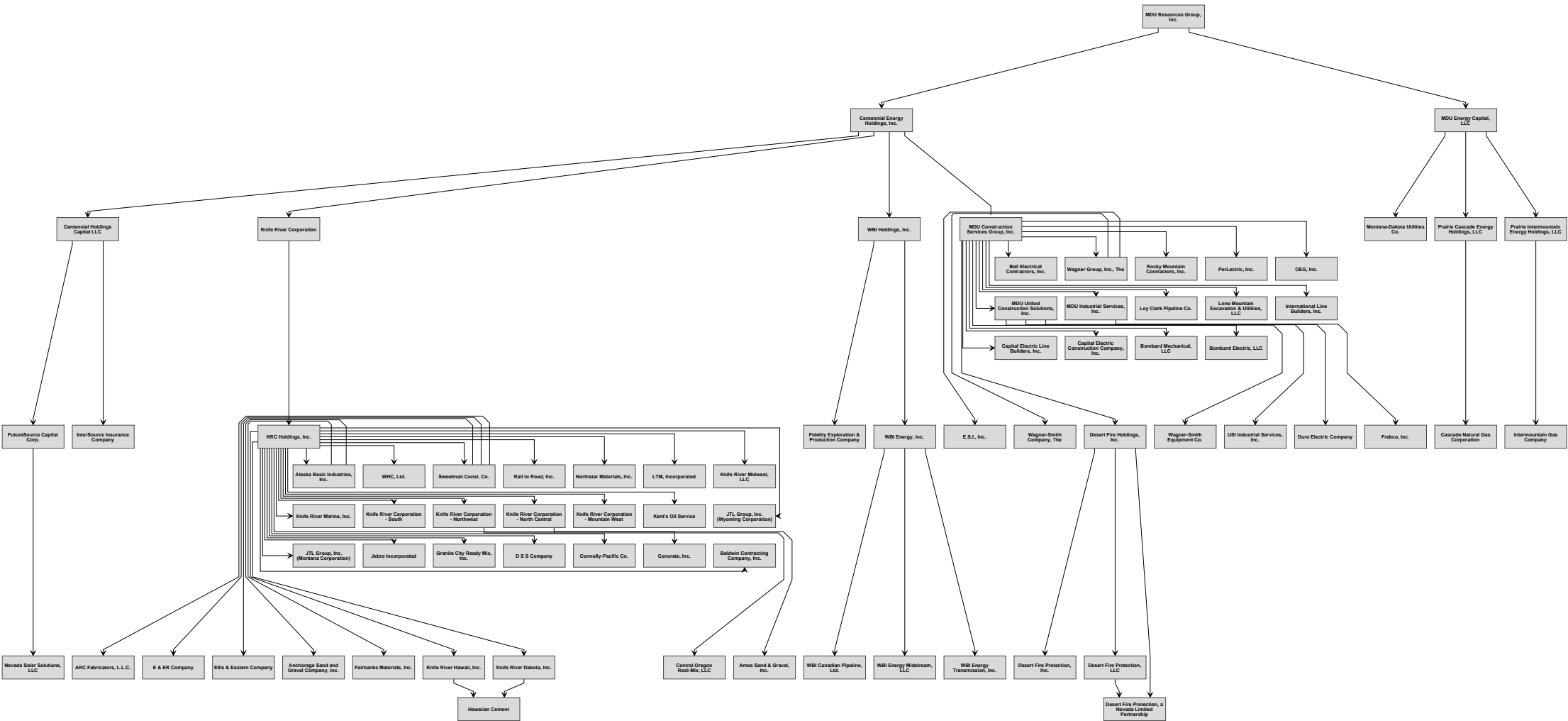
Management Name	Title
Barney, David C.	Director
Goodin, David L.	Director
Liepitz, Karl A.	Director
Vollmer, Jason L.	Director
Barney, David C.	President and Chief Executive Officer
Christenson, Nancy K.	Vice President - Administration and Treasurer
Ford, Christopher B.	Chief Accounting Officer
Goodin, David L.	Chair of the Board
Liepitz, Karl A.	General Counsel and Secretary
Pladsen, Glenn R.	Vice President - Operations Support
Riehl, Adrienne L.	Assistant Secretary
Ring, Nathan W.	Vice President - Business Development

Centennial Holdings Capital LLC

Primary Address

1200 West Century Avenue
Bismarck, North Dakota 58503

Management Name	Title
Goodin, David L.	Manager
Liepitz, Karl A.	Manager
Vollmer, Jason L.	Manager
Goodin, David L.	Chair of the Board, President and Chief Executive Officer
Liepitz, Karl A.	General Counsel and Secretary
Senger, Dustin J.	Treasurer
Vollmer, Jason L.	Vice President



Cascade Natural Gas

Cost Allocation Manual

2021



In the Community to Serve®

Table of Contents

- Overview 1
- MDU Resources Group, Inc. (MDUR) Allocations 2
 - Shared Services..... 2
 - Payroll Shared Services 2
 - Human Resources 3
 - Business Services 3
 - Enterprise Information Technology 3
 - Administrative and General Services 4
 - FutureSource 5
- Cascade Natural Gas Corporation Allocation of Cost to/from Others 6
 - Allocations to/from other MDUR Companies..... 6
 - Allocations to other Utility Companies..... 7
- Cascade Natural Gas Corporation Allocations to Utility Jurisdictions 8
 - Revenues 8
 - O&M Expense 8
 - Facility Expense Allocations 8
 - Labor/Reimbursable expense allocations..... 8
 - Taxes Other than Income..... 10
 - Income Taxes 10
 - Plant in service/work in progress/reserve/depreciation 10
 - Prepayments 10
 - Customer Advances 10
- Cascade Natural Gas Corporation’s Allocations to State Jurisdictions 11
- Exhibit I- MDUR Corporate Overhead factor 15
- Exhibit II- Montana-Dakota/Great Plains Overhead factor 15

Exhibit III- Montana-Dakota/Great Plains Customer Allocation Factors	16
Exhibit IV- MDUR Shared Services Pricing Methodology	17
Exhibit V- Utility Operations Support Allocation Methodology	22
Exhibit VI- Cascade Natural Gas Corporation Allocation Factors	31

Overview

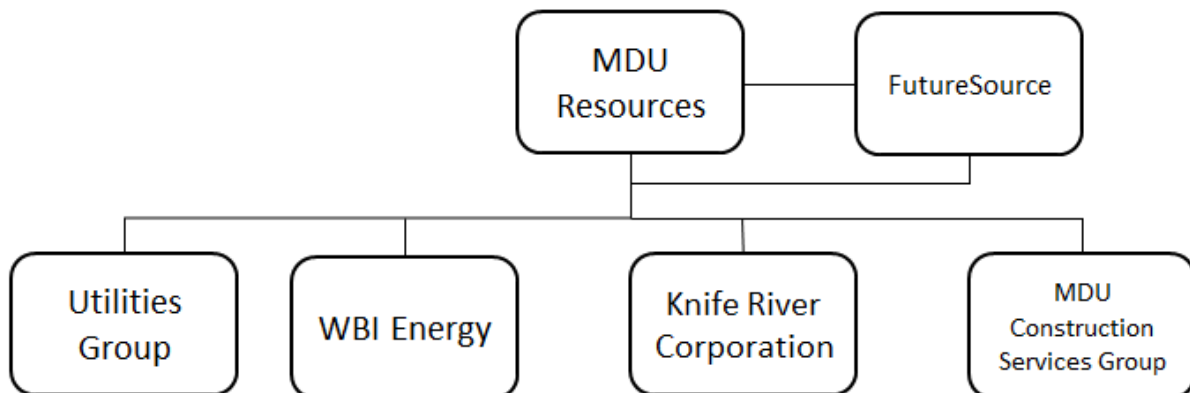
Cascade Natural Gas Corporation (CNG), a gas distribution company operating in the states of Washington and Oregon, is a subsidiary of MDU Resources Group, Inc. Cascade Natural Gas has its' own set of financial records. The operations of Cascade Natural Gas Corporation are under the direction of one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



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.

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.

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:

- 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

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

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

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.

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.

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.

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.

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%

*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.

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.

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%

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%		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				Mobridge Dist (#14)		Black Hills Region				
		422,214		Electric	57%	SD Gas	100%			
				Gas	43%					
Great Plains				Jamestown District		Rapid City District				
	Jurisdictional Customer Allocation Factor			All Gas	100%	All Gas	100%			
	North Dakota GPNG	2,295	0.09	Minot District		Spearfish District				
	Minnesota - GPNG	22,145	0.91	All Gas	100%	Gas	100%			
		24,440	1.00							

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%

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%

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.

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.

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.

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%

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

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.

- 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.

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.

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
-----	--------	-----	-----	-------

	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)

- 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.).

	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%

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				

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%

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%