

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,  
Complainant,

DOCKET UG-170929

v.

CASCADE NATURAL GAS  
CORPORATION,

Respondent.

**CASCADE NATURAL GAS CORPORATION**

**EXHIBIT RJA-R2**

**RON. J. AMEN**

*Revised Summary of COSS Results at Proposed Revenue*

**March 23, 2018**

**Cascade Natural Gas - Washington  
Proposed Test Year Without Gas  
Revised Summary of COSS Results**

**CONFIDENTIAL MATERIAL**  
**Protective Order Requested 8/31/2017**

Line No.	Description (a)	Total Company (b)	Res 502, 503 (c)	GSC 504, 512 (d)	GSI 505 (e)	GSLV 511 (f)	Interruptible 570, 577 (g)	Transport 663 (h)	Spl Contracts 9xx (i)
1	<b>Rate Base</b>								
2	Plant in Service	\$ 697,947,739	\$ 343,577,227	\$ 152,053,471	\$ 15,763,698	\$ 11,350,234	\$ 1,916,526	\$ 132,493,846	\$ 40,792,738
3	Accumulated Reserve	(345,699,795)	(187,749,651)	(72,855,774)	(6,797,506)	(4,680,750)	(902,757)	(55,635,984)	(17,077,374)
4	Other Rate Base Items	(40,891,949)	(18,636,788)	(8,347,788)	(1,061,190)	(604,276)	(101,514)	(10,004,968)	(2,135,425)
5	<b>TOTAL RATE BASE</b>	<b>\$ 311,355,995</b>	<b>\$ 137,190,788</b>	<b>\$ 70,849,909</b>	<b>\$ 7,905,002</b>	<b>\$ 6,065,208</b>	<b>\$ 912,255</b>	<b>\$ 66,852,895</b>	<b>\$ 21,579,939</b>
6	<b>Revenue at Current Rates</b>								
7	Rate Schedule Revenue	92,897,542	45,209,616.86	23,571,672.43	2,065,869.49	1,562,706.07	214,145.29	14,461,764.21	5,811,768.10
8	Gas Cost Recoveries	112,289,916	59,576,687.16	40,105,965.08	5,479,682.84	5,330,628.58	1,796,952.44	-	-
9	Other Operating Revenues	909,730	759,813.56	122,051.59	2,359.45	1,754.44	327.40	17,930.57	5,492.94
10	Miscellaneous Charges and Taxes	11,094,720	4,461,618	3,291,557	275,417	259,312	76,442	2,437,433	292,942
11	<b>REVENUES</b>	<b>\$ 217,191,909</b>	<b>\$ 110,007,736</b>	<b>\$ 67,091,246</b>	<b>\$ 7,823,329</b>	<b>\$ 7,154,401</b>	<b>\$ 2,087,867</b>	<b>\$ 16,917,128</b>	<b>\$ 6,110,203</b>
12	<b>Expenses</b>								
13	Natural Gas Cost	107,612,403	57,094,979	38,435,324	5,251,423	5,108,578	1,722,099	-	-
14	Operation and Maintenance	41,111,584	25,462,727	8,076,382	699,194	471,970	104,500	4,767,716	1,529,095
15	Depreciation Expense	19,769,322	10,718,349	4,111,550	388,255	272,235	49,589	3,243,601	985,744
16	Taxes Other Than Income	4,395,884	2,785,980	896,852	73,990	47,996	9,826	451,831	129,409
17	Revenue Taxes	17,435,062	7,011,316	5,172,595	432,811	407,502	120,126	3,830,362	460,350
18	Income Taxes	1,944,539	1,045,080	410,113	40,128	28,605	5,120	317,113	98,379
19	<b>TOTAL EXPENSES - Current</b>	<b>\$ 192,268,794</b>	<b>\$ 104,118,430</b>	<b>\$ 57,102,816</b>	<b>\$ 6,885,801</b>	<b>\$ 6,336,885</b>	<b>\$ 2,011,261</b>	<b>\$ 12,610,623</b>	<b>\$ 3,202,977</b>
20	Operating Income - Current	\$ 24,923,115	\$ 5,889,305	\$ 9,988,430	\$ 937,528	\$ 817,516	\$ 76,606	\$ 4,306,504	\$ 2,907,226
21	Current Rate of Return	8.00%	4.29%	14.10%	11.86%	13.48%	8.40%	6.44%	13.47%

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	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
22	<b>Calculation of Rate Schedule Revenue Requirement at Equal Rates of Return</b>								
23	Required Return	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%
24	Required Operating Income	\$ 23,656,829	\$ 10,423,756	\$ 5,383,176	\$ 600,622	\$ 460,835	\$ 69,313	\$ 5,079,483	\$ 1,639,644
25	Operating Income (Deficiency)/Surplus	1,266,286	(4,534,451)	4,605,254	336,906	356,681	7,293	(772,978)	1,267,582
26	Revenue (Deficiency) / Surplus	\$ 1,677,217	\$ (4,534,451)	\$ 4,893,134	\$ 357,966	\$ 378,978	\$ 7,748	\$ (772,978)	\$ 1,346,820
27	Rate Schedule Revenue Requirement	\$ 91,220,326	\$ 49,744,068	\$ 18,678,539	\$ 1,707,903	\$ 1,183,728	\$ 206,397	\$ 15,234,743	\$ 4,464,948
28	Other Operational Revenues								
29	Total Revenue Requirement	\$ 215,514,692	114,542,186.41	62,198,112.26	7,465,362.85	6,775,423.23	2,080,118.21	17,690,106.06	4,763,382.90
30	Deficiency / (Surplus) as % of Sales & Trans F	-1.60%	8.99%	-18.13%	-15.27%	-20.78%	-2.66%	4.57%	-22.04%
31	<b>Expenses at Required Return</b>								
32	Natural Gas Cost	\$ 107,612,403	\$ 57,094,979	\$ 38,435,324	\$ 5,251,423	\$ 5,108,578	\$ 1,722,099	\$ -	\$ -
33	Operation and Maintenance	\$ 41,105,222	\$ 25,462,727	\$ 8,071,925	\$ 698,868	\$ 471,625	\$ 104,493	\$ 4,767,716	\$ 1,527,868
34	Depreciation Expense	19,769,322	10,718,349	4,111,550	388,255	272,235	49,589	3,243,601	985,744
35	Taxes Other Than Income	4,395,884	2,785,980	896,852	73,990	47,996	9,826	451,831	129,409
36	Revenue Taxes	17,367,101	7,011,316	5,124,985	429,328	403,814	120,050	3,830,362	447,246
37	Income Taxes	1,607,931	1,045,080	174,301	22,877	10,342	4,747	317,113	33,473
38	<b>TOTAL EXPENSES - Required</b>	<b>\$ 191,857,863</b>	<b>\$ 104,118,430</b>	<b>\$ 56,814,936</b>	<b>\$ 6,864,741</b>	<b>\$ 6,314,589</b>	<b>\$ 2,010,805</b>	<b>\$ 12,610,623</b>	<b>\$ 3,123,739</b>
39	Rate Schedule Revenue as Proposed	\$ 91,220,326	\$ 44,393,381	\$ 22,998,600	\$ 2,015,644	\$ 1,524,714	\$ 210,279	\$ 14,265,940	\$ 5,811,768
40	Gas Cost Recoveries	112,289,916	59,576,687	40,105,965	5,479,683	5,330,629	1,796,952	-	-
41	Other Operating Revenues	909,730	759,814	122,052	2,359	1,754	327	17,931	5,493
42	Miscellaneous Charges and Taxes	11,094,720	4,461,618	3,291,557	275,417	259,312	76,442	2,437,433	292,942
43	<b>Total Revenue</b>	<b>\$ 215,514,692</b>	<b>\$ 109,191,500</b>	<b>\$ 66,518,174</b>	<b>\$ 7,773,104</b>	<b>\$ 7,116,409</b>	<b>\$ 2,084,000</b>	<b>\$ 16,721,303</b>	<b>\$ 6,110,203</b>
44	Proposed Revenue Increase/(Decrease)	\$ (1,677,217)	\$ (816,236)	\$ (573,072)	\$ (50,225)	\$ (37,992)	\$ (3,866)	\$ (195,825)	\$ -
45	Current Revenue to Cost Ratio	1.01	0.96	1.08	1.05	1.06	1.00	0.96	1.28
46	<b>Current Parity Ratio</b>	<b>1.00</b>	<b>0.95</b>	<b>1.07</b>	<b>1.04</b>	<b>1.05</b>	<b>1.00</b>	<b>0.95</b>	<b>1.27</b>
47	Proposed Revenue to Cost Ratio	1.00	0.95	1.07	1.04	1.05	1.00	0.95	1.28
48	Percent of System Average Decrease		-100%	-135%	-135%	-135%	-100%	-75%	0%