

AGREEMENT UG-951415

- 1. Cascade Natural Gas Corporation (the "Company") filed its general rate case ("the General Rate Case") with the Washington Utilities and Transportation Commission on December 11, 1995. The General Rate Case was assigned Docket No. UG-951415.
- 2. In connection with the filing of the General Rate Case, the Company submitted proposed figures for its operating revenues, operating expenses, and operating taxes, among other categories. The parties to the General Rate Case have participated in ongoing mutual gains negotiations since June, 1995 regarding the Company's proposed figures and other issues.
- 3. (a) As a result of these mutual gains negotiations, Staff and the Company have agreed to an overall rate of return of 9.76%, reflecting an agreed capital structure (45% common equity, 5% preferred stock, 45% long term debt and 5% short term debt) and a return on equity of 11.25%. Public Counsel has not agreed to this result nor method.
- (b) Staff and the Company have also agreed to the adjusted and restated per books accounting figures, as reflected on attached Exhibit A. Public Counsel does not oppose this result.
- (c) Northwest Industrial Gas Users (NWIGU) has no opposition to any of the foregoing agreements.
- 4. The foregoing agreed subject areas are not subject to cross-examination during the presentation of the Company's direct case. Public Counsel may, however, require

the Company to call witnesses testifying to these subject areas for cross-examination at the

time the Company's rebuttal case is presented.

5. The parties have not reached agreement on issues regarding (a) special

contracts, purchased gas costs including purchased gas capacity costs, and meter reading and

billing expense and therefore final revenue requirements, and (b) cost of service, rate spread,

and rate design. These issues remain the subject of mutual gains negotiations and/or

hearings, and will be subject to cross-examination and litigation in the General Rate Case.

6. Given this background, the Company, Staff, Public Counsel and

NWIGU hereby submit the attached Exhibit A reflecting the agreed issues as of the date of

this agreement.

7. Since certain issues have been resolved by agreement, the Company,

Staff, Public Counsel and NWIGU waive cross-examination of the following witnesses in the

Company's direct case and stipulate to the entry of their prefiled testimony. These witnesses

are: Larry L. Clark, James E. Haug, Katherine J. Barnard, and J. D. Wessling.

8. The following witnesses will be subject to cross-examination during the

Company's direct case as to issues not already agreed among the parties: Jon T. Stoltz,

Lamar M. Dickey, and Peter A. Schwartz.

COMMISSION STAFF

CHRISTINE O. GREGOIRE

Attorney General

DATE: 5/1/96

Robert D. Cedarbaum

Assistant Attorney General

DATE: ______ CHRISTINE O. GREGOIRE Attorney General Robert F. Manifold Assistant Attorney General

DATE:

DATE: 5/7/96

NORTHWEST INDUSTRIAL GAS USERS

PUBLIC COUNSEL

Paula E. Pyron Attorney

CASCADE NATURAL GAS CORPORATION

John L. West
Attorney

CASCADE NATURAL GAS CORP. Resolved Accounting Adjustments Twelve Months Ended 12/31/94

Line			Restatement of Margin Revenue at	Removal of Test Period	Restatement of Membership	_	Benefits Other Than Pensions		Amortization of DSM	Change In	Water Heater & Idle Serv.	Below-the-Line Advertising
No.	Description	Per Books	1/1/94 Rates	Gas Costs	Dues Expense			Adjustment	Deferrals	Postal Rate	Rebates	Adjustment
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(1)	(J)	(K)	(L)
	Operating Revenues											
1	Natural Gas Sales	152,742,068	(103,110,877)									
2	Gas Transportation Revenue	6,292,514										
3	Other Operating Revenue	103,193										
4	Total Revenues	159,137,775	(103,110,877)	0	0	0	0	C	0	0	0	0
	Operating Expenses											
5	Natural Gas Purchased	98,782,619		(98,782,619))							
6	Manufactured Gas Production	7,495		(,,,	,							
7	Distribution	6,930,104										
8	Customer Accounts	4,326,484	(188,693)	0	0	0	0	C	0	0	0	0
9	Customer Service & Information	1,581,391								35,063		
10	Sales	734,738									(225,050)) (110,834)
11	Administrative & General	9,758,614			(100,000)		1,413,128			5,811		
12	Wage Adjustment	0				123,719						
13	Depreciation & Amortization	8,105,216						7,901	32,440			
14	Total Operating Expenses	130,226,661	(188,693)	(98,782,619	(100,000)	123,719	1,413,128	7,901	32,440	40,874	(225,050	(110,834)
	Operating Taxes											
15	Other Than Income	13,754,723	(4,377,057)	0	0	0	0	C	0	0	0	0
16	State Income	0										
17	Federal Income	3,240,270	(34,490,795)	34,573,917	35,000	(43,302) (494,595)) (2,765	(11,354)	(14,306)	78,768	38,792
18	Total Taxes	16,994,993	(38,867,851)	34,573,917	35,000	(43,302) (494,595)) (2,765	(11,354)	(14,306)	78,768	38,792
19	Total Expenses	147,221,654	(39,056,544)	(64,208,702	(65,000)	80,417	918,533	5,136	21,086	26,568	(146,283	(72,042)
20	Net Operating Income	11,916,121	(64,054,333)	64,208,702	65,000	(80,417	(918,533)) (5,136	(21,086)	(26,568)	146,283	72,042
21	Rate Base	154,210,487						125,732				
22	Rate of Return	7.73%										

CASCADE NATURAL GAS CORP. Resolved Accounting Adjustments Twelve Months Ended 12/31/94

Line		Out of Period Costs	Consumer Rep Wages	Best/Ultra Best Home Adj.	Misc	Federal Income Tax	Pro Forma Wages and	Estimated Rate Case	Income Tax on Pro Forma	System Refurbishments	Weather
No.		Adjustment	(Marketing)	(Marketing)	(Marketing)		Related Costs	Expense	Capitalization	In Quincy	Normalization Adjustments
	(A)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)
	Operating Revenues										
1	Natural Gas Sales										1,270,775
2	Gas Transportation Revenue										
3	Other Operating Revenue										
4	Total Revenues	0	0	0	0	0	0	0	0	0	1,270,775
	Operating Expenses										
5	Natural Gas Purchased										
6	Manufactured Gas Production										
7	Distribution										
8	Customer Accounts	0	0	0	0	0	0	0	0	0	2,326
9	Customer Service & Information		(265,299)		(50,087)						
10	Sales		(102,218)	(29,392)							
11	Administrative & General	(80,000)			(5,851)			69,000			
12	Wage Adjustment						423,649				
13	Depreciation & Amortization		······································							27,006	
14	Total Operating Expenses	(80,000)	(367,517)	(96,492)	(55,938)	0	423,649	69,000	0	27,006	2,326
	Operating Taxes										
15	Other Than Income	0	0	0	0	0	0	. 0	0	12,071	53,944
16	State Income										
17	Federal Income	28,000	128,631	33,772	19,578	95,922	(148,277)	(24,150)	(159,611)	(13,677)	425,077
18	Total Taxes	28,000	128,631	33,772	19,578	95,922	(148,277)	(24,150)	(159,611)	(1,606)	479,021
19	Total Expenses	(52,000)	(238,886)	(62,720)	(36,360)	95,922	275,372	44,850	(159,611)	25,400	481,347
20	Net Operating Income	52,000	238,886	62,720	36,360	(95,922	(275,372)	(44,850)	159,611	(25,400)	789,428
21	Rate Base									989,401	

22 Rate of Return