

Exhibit No. \_\_\_ (MPP-2)  
Docket No. UG-060256  
Witness: Michael P. Parvinen

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**CASCADE NATURAL GAS  
CORPORATION,**

**Respondent.**

**DOCKET NO. UG-060256**

**EXHIBIT TO TESTIMONY OF  
MICHAEL P. PARVINEN  
STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Calculation of Revenue Requirements*

**August 15, 2006**

Cascade Natural Gas Corporation		
<b>CALCULATION OF REVENUE REQUIREMENTS</b>		
State of Washington		
No.	Description	Amount
	(a)	(c)
1	Twelve Months Ended September 30, 2005 Rate Base	\$ 231,460,401
2	Rate of Return	8.33%
3	Total Net Operating Income (Line 1 X Line 2)	\$ 19,278,811
4	Less Adjusted Net Operating Income	18,250,046
5	Increased Net Operating Income Required	\$ \$1,028,765
6	Revenue Sensitive Cost and FIT Factor	0.6313687
7	Increased Revenue Requirement (Line 5 divided by Line 6)	\$ <u>1,629,422</u> <sup>1/</sup>
8	Increase From Misc. Service Charges and Fees	\$ 1,885,720
9	Increased Revenue Requirement Assigned to Rate Schedules	\$ <u>(256,298)</u>
10	Increased Percentage Requirement of Margin for all Services other than Special Contracts	-0.39%

<sup>1/</sup> Carried Forward To Exhibit \_\_ (MPP-3), Page 1, Line 1, Column (g)