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May 14, 2010

Mr. Dave Danner  
 Secretary and Executive Director  
 Washington Utilities & Transportation Commission  
 1300 S. Evergreen Park Drive SW  
 Olympia, WA 98504-9022

RE: WAC 480-90-275 Quarterly Reporting  
 Rate of Return Reports

Dear Mr. Danner,

In accordance with WAC 480-90-275, enclosed is Cascade Natural Gas Corporation's monthly Rate of Return reports for the quarter ending March 31, 2010.

If you have any questions, please contact Paul Schmidt at (206) 381-6825.

Sincerely,

Katherine J. Barnard  
 Manager  
 Gas Supply & Regulatory Affairs

RECEIVED  
 WASHINGTON UTILITIES & TRANSPORTATION COMMISSION  
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Cascade Natural Gas Corporation  
State of Washington  
Statement of Operations and Rate of Return  
Month and Twelve Months Ended January 31, 2010

	Month	Twelve Months
<b>OPERATING REVENUES</b>		
Natural Gas Sales	34,084,836	278,215,036
Transportation Revenue	1,563,226	19,148,015
Other Operating Revenue	129,329	1,828,799
	<u>35,777,391</u>	<u>299,191,850</u>
Less: Natural Gas & Production Costs	22,870,601	195,080,549
Revenue Taxes	3,099,782	24,274,048
<b>OPERATING MARGIN</b>	<u>9,807,008</u>	<u>79,837,253</u>
<b>OPERATING EXPENSES</b>		
Distribution	765,349	9,737,122
Customer Accounts	565,511	6,413,085
Customer Service & Informational Sales	67,428	829,229
Administrative & General	1,428,305	15,819,742
Depreciation & Amortization	1,206,280	14,488,439
Property, Payroll & Misc. Taxes	373,811	3,860,989
Federal Income Taxes	1,848,226	7,481,796
Total Operating Expenses	<u>6,255,261</u>	<u>58,647,194</u>
<b>NET OPERATING INCOME</b>	<u>3,551,747</u>	<u>21,190,059</u>
<b>RATE BASE</b>	<u>216,191,681</u>	<u>218,267,460</u>
<b>RATE OF RETURN</b>	<u>1.64%</u>	<u>9.71%</u>

**SCHEDULE OF RATE BASE**

Utility Plant In Service	517,636,290	513,629,023
Accumulated Depreciation	(255,949,234)	(250,325,543)
Net Utility Plant	<u>261,687,056</u>	<u>263,303,480</u>
Other:		
Contributions in Aid of Construction		
Customer Advances for Construction	(4,830,366)	(4,539,883)
Accumulated Deferred Income Taxes	(50,257,631)	(50,257,631)
Deferred Debits		-
Subtotal	<u>206,599,059</u>	<u>208,505,966</u>
Working Capital	9,592,622	9,761,494
<b>TOTAL RATE BASE</b>	<u>216,191,681</u>	<u>218,267,460</u>

All rate base items except accumulated deferred income taxes represent monthly average and average of monthly average balances. Accumulated deferred income taxes represent the end-of-period balance.

This report is derived directly from the amounts recorded on the books of the Corporation for the period covered, as adjusted for the depreciation adjustment prescribed in WUTC Order No. 991923. It reflects no ratemaking or other normalized adjustments.

Cascade Natural Gas Corporation  
State of Washington  
Statement of Operations and Rate of Return  
Month and Twelve Months Ended February 28, 2010

	Month	Twelve Months
<b>OPERATING REVENUES</b>		
Natural Gas Sales	25,416,244	263,824,647
Transportation Revenue	1,593,812	19,117,317
Other Operating Revenue	184,916	1,868,010
	<u>27,194,972</u>	<u>284,809,974</u>
Less: Natural Gas & Production Costs	17,492,438	182,604,439
Revenue Taxes	2,361,352	22,809,955
<b>OPERATING MARGIN</b>	<u>7,341,182</u>	<u>79,395,580</u>
<b>OPERATING EXPENSES</b>		
Distribution	758,339	9,778,222
Customer Accounts	398,328	6,438,957
Customer Service & Informational Sales	66,333	808,365
Administrative & General	1,153,974	15,896,441
Depreciation & Amortization	1,207,156	14,468,731
Property, Payroll & Misc. Taxes	342,118	3,792,654
Federal Income Taxes	1,063,514	7,358,552
Total Operating Expenses	<u>4,989,762</u>	<u>58,556,738</u>
<b>NET OPERATING INCOME</b>	<u>2,351,420</u>	<u>20,838,842</u>
<b>RATE BASE</b>	<u>214,544,641</u>	<u>217,404,695</u>
<b>RATE OF RETURN</b>	<u>1.10%</u>	<u>9.59%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	518,049,868	514,048,629
Accumulated Depreciation	(257,108,103)	(251,158,870)
Net Utility Plant	<u>260,941,765</u>	<u>262,889,759</u>
Other:		
Contributions in Aid of Construction		
Customer Advances for Construction	(5,330,439)	(4,619,673)
Accumulated Deferred Income Taxes	(50,587,445)	(50,587,445)
Deferred Debits		-
Subtotal	<u>205,023,881</u>	<u>207,682,641</u>
Working Capital	9,520,760	9,722,054
<b>TOTAL RATE BASE</b>	<u>214,544,641</u>	<u>217,404,695</u>

All rate base items except accumulated deferred income taxes represent monthly average and average of monthly average balances. Accumulated deferred income taxes represent the end-of-period balance.

This report is derived directly from the amounts recorded on the books of the Corporation for the period covered, as adjusted for the depreciation adjustment prescribed in WUTC Order No. 991923. It reflects no ratemaking or other normalized adjustments.

Cascade Natural Gas Corporation  
State of Washington  
Statement of Operations and Rate of Return  
Month and Twelve Months Ended March 31, 2010

	Month	Twelve Months
<b>OPERATING REVENUES</b>		
Natural Gas Sales	24,645,097	248,623,317
Transportation Revenue	1,627,279	19,208,282
Other Operating Revenue	146,688	1,931,480
	<u>26,419,064</u>	<u>269,763,079</u>
Less: Natural Gas & Production Costs	16,666,564	169,611,171
Revenue Taxes	2,245,401	21,557,766
<b>OPERATING MARGIN</b>	<u>7,507,099</u>	<u>78,594,142</u>
<b>OPERATING EXPENSES</b>		
Distribution	847,421	9,776,636
Customer Accounts	487,974	6,377,570
Customer Service & Informational Sales	66,995	805,340
Administrative & General	200	13,990
Depreciation & Amortization	1,338,558	16,098,399
Property, Payroll & Misc. Taxes	1,205,962	14,447,830
Federal Income Taxes	494,436	4,060,976
Total Operating Expenses	943,810	7,004,015
	<u>5,385,356</u>	<u>58,584,756</u>
<b>NET OPERATING INCOME</b>	<u>2,121,743</u>	<u>20,009,386</u>
<b>RATE BASE</b>	<u>213,718,612</u>	<u>217,084,726</u>
<b>RATE OF RETURN</b>	<u>0.99%</u>	<u>9.22%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	518,436,183	514,599,325
Accumulated Depreciation	(258,202,298)	(252,124,179)
Net Utility Plant	<u>260,233,885</u>	<u>262,475,146</u>
Other:		
Contributions in Aid of Construction		
Customer Advances for Construction	(5,650,961)	(4,737,375)
Accumulated Deferred Income Taxes	(50,335,546)	(50,335,546)
Deferred Debits		-
Subtotal	<u>204,247,378</u>	<u>207,402,225</u>
Working Capital	9,471,234	9,682,501
<b>TOTAL RATE BASE</b>	<u>213,718,612</u>	<u>217,084,726</u>

All rate base items except accumulated deferred income taxes represent monthly average and average of monthly average balances. Accumulated deferred income taxes represent the end-of-period balance.

This report is derived directly from the amounts recorded on the books of the Corporation for the period covered, as adjusted for the depreciation adjustment prescribed in WUTC Order No. 991923. It reflects no ratemaking or other normalized adjustments.

**Total Washington**

	Month ended			12 months ended		
	Jan 2010	Feb 2010	Mar 2010	Jan 2010	Feb 2010	Mar 2010
<b>GAS SALES</b>						
480 Residential Sales	18,530,771	12,760,948	13,682,277	150,001,371	141,500,723	133,060,855
481 Commercial - Interruptible Sales	15,554,065	12,655,296	10,962,820	128,213,664	122,323,924	115,562,462
<b>TOTAL GAS SALES</b>	<b>34,084,836</b>	<b>25,416,244</b>	<b>24,645,097</b>	<b>278,215,036</b>	<b>263,824,647</b>	<b>248,623,317</b>
<b>OTHER OPERATING REVENUE</b>						
4880 Miscellaneous Service Revenues	129,879	172,098	130,389	1,629,092	1,660,684	1,711,246
4890 Rev. From Transp. of Gas of Others	1,563,226	1,593,812	1,627,279	19,148,015	19,117,317	19,208,282
4930 Rent From Gas Property	957	957	957	10,845	11,802	10,851
4950 Other Gas Revenue	(1,507)	11,861	15,342	188,862	195,524	209,383
495.1 Overtime Penalty Income	-	-	-	-	-	-
<b>TOTAL OTHER OPERATING REVENUE</b>	<b>1,692,555</b>	<b>1,778,727</b>	<b>1,773,967</b>	<b>20,976,813</b>	<b>20,985,327</b>	<b>21,139,762</b>
<b>* TOTAL OPERATING REVENUE *</b>	<b>35,777,390</b>	<b>27,194,971</b>	<b>26,419,063</b>	<b>299,191,849</b>	<b>284,809,974</b>	<b>269,763,078</b>
<b>NATURAL GAS PURCHASED</b>						
804 Natural Gas City Gate Purchases	24,811,973	18,469,320	13,009,228	181,409,357	178,477,713	171,480,384
805 Other Gas Purchases	-	-	-	-	-	-
805.1 Purchased Gas Cost Adjustments	(1,631,151)	(1,029,014)	(543,979)	14,734,002	6,522,370	(870,258)
808.1 Gas Withdrawn From Storage	-	184,713	4,209,099	9,237,739	8,004,735	9,397,838
808.2 Gas Delivered To Storage	(297,591)	(124,268)	(134)	(10,229,548)	(10,335,350)	(10,335,484)
812 Gas Used For Other Utility Oper.	(12,630)	(8,313)	(7,649)	(71,001)	(65,028)	(61,310)
<b>TOTAL NATURAL GAS PURCHASED</b>	<b>22,870,601</b>	<b>17,492,438</b>	<b>16,666,564</b>	<b>195,080,549</b>	<b>182,604,439</b>	<b>169,611,171</b>
408.5 Revenue Taxes	3,099,782	2,361,352	2,245,401	24,274,048	22,809,955	21,557,766
<b>* OPERATING MARGIN *</b>	<b>9,807,007</b>	<b>7,341,181</b>	<b>7,507,098</b>	<b>79,837,252</b>	<b>79,395,579</b>	<b>78,594,141</b>

**Total Washington**

	Month ended			12 months ended		
	Jan 2010	Feb 2010	Mar 2010	Jan 2010	Feb 2010	Mar 2010
<b>DISTRIBUTION EXPENSES</b>						
Operation						
870 Oper., Supervision & Engineering	27,883	19,938	25,040	185,570	169,918	174,399
871 Distribution Load Dispatching	79,921	63,119	66,016	864,028	862,681	849,170
872 Compressor Station	30	644	978	5,005	5,597	6,549
874 Mains & Services Exp.	122,023	178,454	163,955	1,976,855	2,043,925	2,007,799
875 Meas. & Reg. Stat. Exp.-Gen.	18,088	23,919	32,799	312,397	306,730	308,470
876 Meas. & Reg. Stat. Exp.-Ind.	10,713	12,333	17,007	169,345	172,436	173,647
878 Meter & House Regulator Exp.	62,060	72,661	89,772	1,098,416	1,089,822	1,036,680
879 Customer Installations Exp.	121,249	92,501	89,101	1,179,317	1,185,227	1,210,305
880 Other Exp.	170,322	121,459	134,597	1,780,255	1,731,913	1,758,967
881 Rents	3,811	4,102	2,587	66,294	63,978	64,110
882 Transportation Exp.	-	-	-	-	-	-
	<u>616,098</u>	<u>589,130</u>	<u>621,853</u>	<u>7,637,483</u>	<u>7,632,227</u>	<u>7,590,096</u>
<b>Maintenance</b>						
885 Supervision & Engineering	-	126	58	(59,326)	(59,200)	(59,143)
886 Structures & Improvements	1,257	1,317	6,498	33,657	34,768	40,977
887 Mains	22,396	29,377	48,224	531,653	534,113	550,888
8880 Compressor Station	42	58	368	918	976	641
889 Meas. & Reg. Equip.-Gen.	22,083	40,588	20,160	280,940	301,227	288,761
890 Meas. & Reg. Equip.-Ind.	5,415	2,829	12,045	57,674	58,291	68,965
892 Services	34,204	29,149	48,528	447,138	443,852	461,695
893 Meters & House Regulators	32,919	45,393	72,767	539,564	547,876	563,894
894 Other Equipment	30,934	20,372	16,920	267,422	284,091	269,861
	<u>149,250</u>	<u>169,209</u>	<u>225,568</u>	<u>2,099,639</u>	<u>2,145,995</u>	<u>2,186,540</u>
<b>TOTAL DISTRIBUTION EXPENSES</b>	<b>765,349</b>	<b>758,339</b>	<b>847,421</b>	<b>9,737,122</b>	<b>9,778,222</b>	<b>9,776,636</b>
<b>CUSTOMER ACCOUNTS EXPENSES</b>						
901 Supervision	3,362	624	3,755	7,332	3,641	6,871
902 Meter Reading Exp.	25,328	25,245	28,082	364,539	349,260	344,734
903 Cust. Records & Collection Exp.	302,766	240,236	299,818	3,298,521	3,339,975	3,321,894
904 Uncollectible Accounts	230,866	126,404	150,536	2,687,929	2,692,762	2,648,843
905 Misc. Exp.	3,190	5,819	5,783	54,764	53,319	55,229
	<u>565,511</u>	<u>398,328</u>	<u>487,974</u>	<u>6,413,085</u>	<u>6,438,957</u>	<u>6,377,570</u>

**Total Washington**

	Month ended			12 months ended		
	Jan 2010	Feb 2010	Mar 2010	Jan 2010	Feb 2010	Mar 2010
<b>CUSTOMER SERVICE AND INFORMATIONAL EXP</b>						
907 Supervision	70	78	236	3,387	3,831	902
908 Cust. Assistance Exp.	66,667	66,667	66,667	800,588	800,027	800,027
909 Info. & Instr. Advertising Exp.	692	(412)	92	11,946	4,476	4,380
910 Misc. Cust. Serv. & Info. Exp.	-	-	-	13,308	32	32
<b>TOTAL CUST. SRVC. &amp; INFO. EXPENSES</b>	<b>67,428</b>	<b>66,333</b>	<b>66,995</b>	<b>829,229</b>	<b>808,365</b>	<b>805,340</b>
<b>SALES EXPENSES</b>						
911 Supervision	-	-	-	-	-	-
912 Demonstrating & Selling	-	-	-	(0)	(0)	(0)
913 Advertising	351	-	200	16,792	14,816	13,990
916 Misc. Sales Exp.	-	-	-	(0)	(0)	(0)
<b>TOTAL SALES EXPENSES</b>	<b>351</b>	<b>-</b>	<b>200</b>	<b>16,792</b>	<b>14,816</b>	<b>13,990</b>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>						
920 Admin. & General Salaries	613,367	406,224	485,638	6,741,012	6,755,536	6,712,723
921 Office Supplies & Exp.	262,082	292,757	419,077	3,317,204	3,372,270	3,380,012
923 Outside Services Employed	87,335	69,634	96,791	1,003,792	1,014,971	1,036,455
924 Property Insurance	38,025	(25,435)	6,295	76,433	45,157	50,846
925 Injuries & Damages	24,677	103,042	51,179	962,358	985,272	1,007,009
926 Employee Pensions & Benefits	361,261	208,781	166,441	2,500,044	2,445,479	2,592,179
928 Regulatory Commission Exp.	-	-	-	(0)	(0)	(0)
930.1 General Advertising Exp.	395	3,532	1,822	14,096	17,206	18,488
930.2 Misc. General Exp.	76,817	78,951	170,295	1,402,080	1,392,940	1,508,754
931 Rents	537	187	4,260	24,489	23,916	22,370
932 Maintenance of General Plant	9,705	16,300	14,486	255,447	249,508	247,281
922 Capitalized Exp.	1,474,201	1,153,974	1,416,283	16,296,954	16,302,253	16,576,119
	(45,897)	-	(77,725)	(477,213)	(405,812)	(477,720)
<b>TOTAL ADM. &amp; GEN. EXPENSES</b>	<b>1,428,305</b>	<b>1,153,974</b>	<b>1,338,558</b>	<b>15,819,742</b>	<b>15,896,441</b>	<b>16,098,399</b>
<b>TOTAL O &amp; M EXPENSES (Excluding Gas Cost and Production Cost and Revenue Taxes)</b>	<b>2,826,944</b>	<b>2,376,974</b>	<b>2,741,148</b>	<b>32,815,970</b>	<b>32,936,802</b>	<b>33,071,935</b>

**Total Washington**

	Month ended			12 months ended		
	Jan 2010	Feb 2010	Mar 2010	Jan 2010	Feb 2010	Mar 2010
<b>DEPRECIATION AND AMORTIZATION</b>						
403 Depreciation Expense	1,206,280	1,207,156	1,205,962	14,488,439	14,468,731	14,447,830
Propane Air Plant	-	-	-	-	-	-
Telemetry	-	-	-	-	-	-
Meters & Regulators	-	-	-	0	0	0
Central Stores Warehouse	-	-	-	-	-	-
General Office	-	-	-	-	-	-
Amortization of Property Losses	-	-	-	-	-	-
407.1 Amortization of Property Losses	-	-	-	-	-	-
<b>TOTAL DEPRECIATION AND AMORTIZATION</b>	<b>1,206,280</b>	<b>1,207,156</b>	<b>1,205,962</b>	<b>14,488,439</b>	<b>14,468,731</b>	<b>14,447,830</b>
407.3 Regulatory Debits	-	-	-	-	-	-
<b>TAXES OTHER THAN INCOME TAXES</b>						
408.1 Property, Payroll and Misc. Taxes	373,811	342,118	494,436	3,860,989	3,792,654	4,060,976
<b>INCOME TAXES - OPERATING</b>						
409.1 Federal Inc Taxes, Util Oper Inc	1,597,062	808,197	1,014,645	8,085,312	8,044,589	7,777,590
409.1 State Income Taxes, Util Oper Inc	-	-	-	-	-	-
410.1 Provision For Defer'd Fed Inc Tax	256,933	261,085	(76,604)	(534,195)	(616,725)	(715,809)
410.1 Provis'n For Defer'd State Inc Tax	-	-	-	-	-	-
411.1 Prov For Deferred Inc Tax - Credit	(5,769)	(5,769)	5,769	(69,320)	(69,312)	(57,765)
411.4 Investment Tax Credit Adjustments	1,848,226	1,063,514	943,810	7,481,796	7,358,552	7,004,015
<b>TOTAL INCOME TAXES - OPERATING</b>	<b>6,255,260</b>	<b>4,989,762</b>	<b>5,385,356</b>	<b>58,647,193</b>	<b>58,556,739</b>	<b>58,584,756</b>
<b>* TOTAL OPERATING EXPENSES *</b>	<b>3,551,747</b>	<b>2,351,419</b>	<b>2,121,743</b>	<b>21,190,058</b>	<b>20,838,840</b>	<b>20,009,385</b>



# CASCADE NATURAL GAS CORPORATION

## QUARTERLY STATISTICAL INFORMATION

### THERM SALES

	Monthly			12 Months Ending		
	2010		2010	2010		2010
	Jan	Feb	Mar	Jan	Feb	Mar
<b>Residential</b>	14,928,880	11,659,144	11,149,607	111,959,074	108,896,915	104,899,023
<b>Commercial</b>	12,028,782	8,870,542	8,391,304	88,334,088	85,598,393	82,799,185
<b>Industrial Firm</b>	1,203,202	995,845	897,042	10,469,496	10,075,417	9,799,473
<b>Core Interruptible</b>	536,883	420,802	469,114	5,210,513	5,003,323	4,823,733
<b>Noncore</b>	45,399,709	47,309,119	61,594,290	673,758,902	666,340,752	672,983,444
<b>TOTAL WASHINGTON</b>	74,097,456	69,255,452	82,501,357	889,732,073	875,914,800	875,304,858

	AVERAGE CUSTOMERS		
	2010		2010
	Jan	Feb	Mar
<b>Residential</b>	168,725	168,879	168,860
<b>Commercial</b>	24,096	24,154	24,124
<b>Industrial Firm</b>	362	359	357
<b>Core Interruptible</b>	15	15	14
<b>Noncore</b>	179	179	178
<b>TOTAL WASHINGTON</b>	193,377	193,586	193,533