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August 13, 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 June 30, 2010.

If you have any questions, please contact me at (206) 381-6824.

Sincerely,

Katherine J. Barnard
Manager
Gas Supply & Regulatory Affairs

"In The Community To Serve"

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended April 30, 2010

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	20,131,498	245,360,820
Transportation Revenue	1,681,964	19,484,994
Other Operating Revenue	112,211	1,904,852
	<u>21,925,673</u>	<u>266,750,666</u>
Less: Natural Gas & Production Costs	13,017,268	166,437,130
Revenue Taxes	1,881,533	21,055,469
OPERATING MARGIN	<u>7,026,872</u>	<u>79,258,067</u>
OPERATING EXPENSES		
Distribution	805,131	9,790,424
Customer Accounts	443,785	6,254,138
Customer Service & Informational Sales	67,433	800,313
Administrative & General	1,733,430	16,722,350
Depreciation & Amortization	1,206,568	14,453,707
Property, Payroll & Misc. Taxes	363,307	4,081,351
Federal Income Taxes	666,915	7,110,306
Total Operating Expenses	<u>5,286,569</u>	<u>59,226,579</u>
NET OPERATING INCOME	<u>1,740,303</u>	<u>20,031,488</u>
RATE BASE	<u>212,790,006</u>	<u>216,341,719</u>
RATE OF RETURN	<u>0.82%</u>	<u>9.26%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	518,687,599	515,246,616
Accumulated Depreciation	(259,284,293)	(253,231,868)
Net Utility Plant	<u>259,403,306</u>	<u>262,014,748</u>
Other:		
Contributions in Aid of Construction		
Customer Advances for Construction	(5,580,499)	(4,844,821)
Accumulated Deferred Income Taxes	(50,471,457)	(50,471,457)
Deferred Debits		-
Subtotal	<u>203,351,350</u>	<u>206,698,470</u>
Working Capital	9,438,656	9,643,249
TOTAL RATE BASE	<u>212,790,006</u>	<u>216,341,719</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 May 31, 2010

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	14,258,069	245,882,407
Transportation Revenue	1,414,299	19,590,571
Other Operating Revenue	87,318	1,864,596
	<u>15,759,686</u>	<u>267,337,574</u>
Less: Natural Gas & Production Costs	9,597,515	166,622,287
Revenue Taxes	1,417,806	21,048,993
OPERATING MARGIN	<u>4,744,365</u>	<u>79,666,294</u>
OPERATING EXPENSES		
Distribution	754,474	9,751,844
Customer Accounts	323,550	5,977,311
Customer Service & Informational	66,960	803,285
Sales	4,275	15,839
Administrative & General	1,765,660	17,546,504
Depreciation & Amortization	1,207,607	14,458,690
Property, Payroll & Misc. Taxes	345,277	4,104,809
Federal Income Taxes	(156,198)	7,107,793
Total Operating Expenses	<u>4,311,605</u>	<u>59,766,075</u>
NET OPERATING INCOME	<u>432,760</u>	<u>19,900,219</u>
RATE BASE	<u>211,963,435</u>	<u>215,629,020</u>
RATE OF RETURN	<u>0.20%</u>	<u>9.23%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	519,124,295	515,911,277
Accumulated Depreciation	(260,441,410)	(254,342,941)
Net Utility Plant	<u>258,682,885</u>	<u>261,568,336</u>
Other:		
Contributions in Aid of Construction		
Customer Advances for Construction	(5,514,087)	(4,938,655)
Accumulated Deferred Income Taxes	(50,607,367)	(50,607,367)
Deferred Debits		-
Subtotal	<u>202,561,431</u>	<u>206,022,314</u>
Working Capital	9,402,004	9,606,706
TOTAL RATE BASE	<u>211,963,435</u>	<u>215,629,020</u>

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Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended June 30, 2010

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	9,737,111	244,966,949
Transportation Revenue	1,272,790	19,522,780
Other Operating Revenue	66,433	1,861,592
	<u>11,076,334</u>	<u>266,351,321</u>
Less: Natural Gas & Production Costs	6,216,128	165,911,033
Revenue Taxes	949,441	21,048,442
OPERATING MARGIN	<u>3,910,765</u>	<u>79,391,846</u>
OPERATING EXPENSES		
Distribution	840,796	9,757,715
Customer Accounts	292,174	5,279,188
Customer Service & Informational Sales	67,772	804,548
Administrative & General	1,589,512	16,645,123
Depreciation & Amortization	1,208,724	14,463,033
Property, Payroll & Misc. Taxes	399,764	4,195,461
Federal Income Taxes	(939,751)	6,972,032
Total Operating Expenses	<u>3,458,991</u>	<u>58,126,707</u>
NET OPERATING INCOME	<u>451,774</u>	<u>21,265,139</u>
RATE BASE	<u>211,775,687</u>	<u>215,236,678</u>
RATE OF RETURN	<u>0.21%</u>	<u>9.88%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	519,800,392	516,615,746
Accumulated Depreciation	(261,619,167)	(255,459,674)
Net Utility Plant	<u>258,181,225</u>	<u>261,156,072</u>
Other:		
Contributions in Aid of Construction		
Customer Advances for Construction	(5,309,854)	(5,010,095)
Accumulated Deferred Income Taxes	(50,483,605)	(50,483,605)
Deferred Debits		-
Subtotal	<u>202,387,766</u>	<u>205,662,372</u>
Working Capital	9,387,921	9,574,306
TOTAL RATE BASE	<u>211,775,687</u>	<u>215,236,678</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		
	Apr 2010	May 2010	Jun 2010	Apr 2010	May 2010	Jun 2010
GAS SALES						
480 Residential Sales	11,338,290	7,486,388	4,759,770	131,667,686	132,137,303	131,653,114
481 Commercial - Interruptible Sales	8,793,208	6,771,681	4,977,341	113,693,134	113,745,104	113,313,835
TOTAL GAS SALES	20,131,498	14,258,069	9,737,111	245,360,820	245,882,407	244,966,949
OTHER OPERATING REVENUE						
4880 Miscellaneous Service Revenues	105,796	74,933	59,904	1,732,919	1,692,170	1,702,836
4890 Rev. From Transp. of Gas of Others	1,681,964	1,414,299	1,272,790	19,484,994	19,590,571	19,522,780
4930 Rent From Gas Property	1,157	200	200	11,054	10,501	9,747
4950 Other Gas Revenue	5,258	12,185	6,329	160,879	161,925	149,009
495.1 Ovrerrun Penalty Income	-	-	-	-	-	-
TOTAL OTHER OPERATING REVENUE	1,794,175	1,501,618	1,339,224	21,389,846	21,455,167	21,384,372
* TOTAL OPERATING REVENUE *	21,925,673	15,759,687	11,076,335	266,750,666	267,337,574	266,351,321
NATURAL GAS PURCHASED						
804 Natural Gas City Gate Purchases	11,050,685	9,265,194	6,963,670	166,604,303	165,398,436	165,293,595
805 Other Gas Purchases	-	-	-	-	-	-
805.1 Purchased Gas Cost Adjustments	2,334,887	1,112,175	191,591	(1,870,092)	596,602	412,581
808.1 Gas Withdrawn From Storage	-	263,539	-	9,115,099	8,579,815	8,579,815
808.2 Gas Delivered To Storage	(363,129)	(1,039,419)	(936,970)	(7,354,964)	(7,895,395)	(8,317,751)
812 Gas Used For Other Utility Oper.	(5,175)	(3,974)	(2,163)	(57,216)	(57,171)	(57,206)
TOTAL NATURAL GAS PURCHASED	13,017,268	9,597,515	6,216,128	166,437,130	166,622,287	165,911,033
408.5 Revenue Taxes	1,881,533	1,417,806	949,441	21,055,469	21,048,993	21,048,442
* OPERATING MARGIN *	7,026,872	4,744,366	3,910,766	79,258,067	79,666,295	79,391,846

Total Washington

	Month ended			12 months ended		
	Apr 2010	May 2010	Jun 2010	Apr 2010	May 2010	Jun 2010
DISTRIBUTION EXPENSES						
Operation						
870 Oper., Supervision & Engineering	26,748	23,617	25,613	172,197	162,168	150,465
871 Distribution Load Dispatching	64,066	68,668	77,124	837,915	831,222	840,252
872 Compressor Station	-	-	-	6,174	6,199	6,114
874 Mains & Services Exp.	178,661	160,223	142,520	2,011,593	2,000,388	1,954,200
875 Meas. & Reg. Stat. Exp.-Gen.	22,223	23,519	21,983	311,592	307,942	300,091
876 Meas. & Reg. Stat. Exp.-Ind.	10,512	13,684	7,393	169,277	169,783	163,662
878 Meter & House Regulator Exp.	80,973	74,077	80,714	1,027,784	1,002,732	993,180
879 Customer Installations Exp.	90,543	79,360	89,014	1,203,376	1,195,204	1,203,177
880 Other Exp.	147,127	130,807	165,006	1,764,083	1,747,705	1,795,496
881 Rents	2,485	2,584	15,924	63,929	64,649	64,350
882 Transportation Exp.	-	-	-	-	-	-
	623,338	576,541	625,292	7,567,919	7,487,993	7,470,985
Maintenance						
885 Supervision & Engineering	-	-	-	(59,159)	(59,230)	(59,230)
886 Structures & Improvements	6,729	759	1,573	46,920	47,296	48,080
887 Mains	39,467	50,566	70,354	566,809	588,666	586,402
8880 Compressor Station	-	116	(27)	641	757	731
889 Meas. & Reg. Equip.-Gen.	22,211	27,074	29,519	291,807	298,770	301,787
890 Meas. & Reg. Equip.-Ind.	7,314	7,306	5,975	72,109	75,755	74,158
892 Services	39,183	33,776	48,208	471,016	472,406	492,233
893 Meters & House Regulators	50,675	41,686	38,836	564,112	572,757	567,925
894 Other Equipment	16,215	16,651	21,066	268,250	266,673	274,644
	181,793	177,933	215,503	2,222,505	2,263,852	2,286,730
TOTAL DISTRIBUTION EXPENSES	805,131	754,474	840,796	9,790,424	9,751,844	9,757,715
CUSTOMER ACCOUNTS EXPENSES						
901 Supervision	2,204	495	(3,114)	6,791	4,445	(80)
902 Meter Reading Exp.	30,475	24,247	26,835	348,011	345,968	331,056
903 Cust. Records & Collection Exp.	233,976	214,482	232,014	3,242,593	3,192,594	3,144,793
904 Uncollectible Accounts	168,006	79,195	161,718	2,601,281	2,381,854	1,886,213
905 Misc. Exp.	9,125	5,131	(125,279)	55,462	52,450	(82,794)
	443,785	323,550	292,174	6,254,138	5,977,311	5,279,188
TOTAL CUSTOMER ACCOUNTS EXP.						

Total Washington

	Month ended			12 months ended		
	Apr 2010	May 2010	Jun 2010	Apr 2010	May 2010	Jun 2010
CUSTOMER SERVICE AND INFORMATIONAL EXP						
907 Supervision	598	245	1,073	(1,069)	1,988	3,431
908 Cust. Assistance Exp.	66,667	66,667	66,667	799,999	799,999	799,947
909 Info. & Instr. Advertising Exp.	48	48	32	1,230	1,177	1,049
910 Misc. Cust. Serv. & Info. Exp.	121	-	-	152	121	121
TOTAL CUST. SRVC. & INFO. EXPENSES	67,433	66,960	67,772	800,313	803,285	804,548
SALES EXPENSES						
911 Supervision	-	-	-	-	-	-
912 Demonstrating & Selling	-	-	-	(0)	(0)	(0)
913 Advertising	-	4,275	-	13,990	15,839	9,607
916 Misc. Sales Exp.	-	-	-	(0)	(0)	(0)
TOTAL SALES EXPENSES	-	4,275	-	13,990	15,839	9,607
ADMINISTRATIVE AND GENERAL EXPENSES						
920 Admin. & General Salaries	962,959	926,158	1,107,419	7,092,357	7,549,185	7,418,057
921 Office Supplies & Exp.	382,737	267,300	304,851	3,499,192	3,529,551	3,573,683
923 Outside Services Employed	76,934	50,280	147,133	1,059,267	1,032,967	1,097,315
924 Property Insurance	6,295	6,219	6,295	65,279	71,996	72,449
925 Injuries & Damages	75,024	70,762	66,580	1,020,387	1,018,921	1,027,568
926 Employee Pensions & Benefits	113,970	359,644	(96,739)	2,620,384	2,951,117	2,126,132
928 Regulatory Commission Exp.	-	-	-	(0)	(0)	(0)
930.1 General Advertising Exp.	2,387	1,782	1,325	20,237	19,289	20,131
930.2 Misc. General Exp.	149,055	110,376	84,764	1,580,621	1,620,146	1,576,396
931 Rents	1,525	1,141	795	23,446	19,913	20,359
932 Maintenance of General Plant	7,682	7,655	11,154	238,785	233,021	219,560
922 Capitalized Exp.	1,778,568	1,801,317	1,633,577	17,219,955	18,046,105	17,151,650
	(45,138)	(35,657)	(44,064)	(497,605)	(499,601)	(506,527)
TOTAL ADM. & GEN. EXPENSES	1,733,430	1,765,660	1,589,512	16,722,350	17,546,504	16,645,123
TOTAL O & M EXPENSES (Excluding Gas Cost and Production Cost and Revenue Taxes)	3,049,779	2,914,918	2,790,254	33,581,215	34,094,783	32,496,180

Total Washington

	Month ended			12 months ended		
	Apr 2010	May 2010	Jun 2010	Apr 2010	May 2010	Jun 2010
DEPRECIATION AND AMORTIZATION						
403 Depreciation Expense	1,206,568	1,207,607	1,208,724	14,453,707	14,458,690	14,463,033
Propane Air Plant	-	-	-	-	-	-
Telemetry	-	-	-	-	-	-
Meters & Regulators	-	-	-	0	0	0
Central Stores Warehouse	-	-	-	-	-	-
General Office	-	-	-	-	-	-
407.1 Amortization of Property Losses	-	-	-	-	-	-
TOTAL DEPRECIATION AND AMORTIZATION	1,206,568	1,207,607	1,208,724	14,453,707	14,458,690	14,463,033
407.3 Regulatory Debits	-	-	-	-	-	-
TAXES OTHER THAN INCOME TAXES						
408.1 Property, Payroll and Misc. Taxes	363,307	345,277	399,764	4,081,351	4,104,809	4,195,461
INCOME TAXES - OPERATING						
409.1 Federal Inc Taxes, Util Oper Inc	668,013	(267,944)	(1,361,310)	8,142,698	8,289,734	7,463,468
409.1 State Income Taxes, Util Oper Inc	-	-	-	-	-	-
410.1 Provision For Defer'd Fed Inc Tax	16,211	117,517	427,338	(963,095)	(1,112,649)	(422,144)
410.1 Provis'n For Defer'd State Inc Tax	-	-	-	-	-	-
411.1 Prov For Deferred Inc Tax - Credit	(17,309)	(5,771)	(5,778)	(69,297)	(69,291)	(69,292)
411.4 Investment Tax Credit Adjustments	666,915	(156,198)	(939,751)	7,110,306	7,107,793	6,972,032
TOTAL INCOME TAXES - OPERATING	5,286,570	4,311,605	3,458,991	59,226,579	59,766,075	58,126,706
* TOTAL OPERATING EXPENSES *	1,740,302	432,762	451,775	20,031,488	19,900,220	21,265,140

CASCADE NATURAL GAS CORPORATION

QUARTERLY STATISTICAL INFORMATION

THERM SALES

	Monthly			12 Months Ending		
	2010	2010	2010	2010	2010	2010
	Apr	May	Jun	Apr	May	Jun
Residential	8,779,289	6,004,854	3,494,440	105,820,936	107,165,100	107,509,908
Commercial	6,344,788	5,022,368	3,525,514	83,147,156	84,149,805	84,413,691
Industrial Firm	786,618	637,492	452,352	9,686,173	9,701,977	9,691,948
Core Interruptible	415,225	364,153	288,814	4,793,582	4,823,317	4,881,689
Noncore	59,306,284	40,714,123	33,850,295	692,277,984	699,725,063	697,678,759
TOTAL WASHINGTON	75,632,204	52,742,990	41,611,415	895,725,831	905,565,262	904,175,995

	AVERAGE CUSTOMERS		
	2010	2010	2010
	Apr	May	Jun
Residential	168,755	168,417	167,949
Commercial	24,136	24,279	24,359
Industrial Firm	355	354	352
Core Interruptible	14	14	14
Noncore	178	178	178
TOTAL WASHINGTON	193,438	193,242	192,852