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February 10, 2011

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 are Cascade Natural Gas Corporation's monthly Rate of Return reports for the quarter ending December 31, 2010.

If you have any questions, please contact me at (509) 734-4593.

Sincerely,

Katherine J. Barnard
Katherine J. Barnard
Manager
Gas Supply & Regulatory Affairs

2011 FEB 10 11:08 AM

CASCADE NATURAL GAS CORPORATION

Washington Statement of Operations QUARTERLY STATISTICAL INFORMATION

THERM SALES

	Monthly			12 Months Ending		
	Oct 2010	Nov 2010	Dec 2010	Oct 2010	Nov 2010	Dec 2010
Residential	6,772,990	15,485,730	18,378,673	107,801,107	109,761,123	106,459,428
Commercial	5,890,891	10,792,500	13,426,302	85,237,764	87,008,497	84,407,362
Industrial Firm	981,287	721,230	1,457,792	9,294,409	9,109,327	9,331,102
Core Interruptible	373,592	501,241	546,049	4,842,654	4,817,649	4,661,970
Noncore	63,799,175	57,829,023	52,748,761	654,835,268	658,078,399	648,212,466
TOTAL WASHINGTON	77,817,935	85,329,724	86,557,577	862,011,202	868,774,995	853,072,328

	AVERAGE CUSTOMERS		
	Oct 2010	Nov 2010	Dec 2010
Residential	169,004	169,986	170,540
Commercial	24,272	24,504	24,645
Industrial Firm	354	355	355
Core Interruptible	11	11	11
Noncore	176	175	175
TOTAL WASHINGTON	193,817	195,031	195,726

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 10/31/2010

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	21,234,797	321,010,333
Transportation Revenue	2,103,439	23,203,107
Other Operating Revenue	124,990	1,724,826
	<u>23,463,225</u>	<u>345,938,266</u>
Less: Natural Gas & Production Costs	14,450,485	218,645,470
Revenue Taxes	1,392,221	24,655,077
OPERATING MARGIN	<u>7,620,519</u>	<u>102,637,719</u>
OPERATING EXPENSES		
Distribution	1,105,986	12,918,439
Customer Accounts	577,640	6,572,629
Customer Service & Informational Sales	107,634	1,340,697
Administrative & General	1,308	12,626
Administrative & General	1,707,391	22,497,768
Depreciation & Amortization	1,616,636	17,234,404
Property, Payroll & Misc. Taxes	551,245	6,054,646
Federal Income Taxes	304,451	7,982,522
Total Operating Expenses	<u>5,972,291</u>	<u>74,613,729</u>
NET OPERATING INCOME	<u>1,648,227</u>	<u>28,023,989</u>
RATE BASE	<u>212,141,447</u>	<u>213,006,548</u>
RATE OF RETURN	<u>9.32%</u>	<u>13.16%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	524,353,607	519,816,218
Accumulated Depreciation	(265,881,083)	(259,939,155)
Net Utility Plant	<u>258,472,524</u>	<u>259,877,063</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,353,410)	(4,964,709)
Accumulated Deferred Income Taxes	(51,391,580)	(51,391,580)
Deferred Debits	-	-
Subtotal	<u>202,727,534</u>	<u>203,520,774</u>
Working Capital	<u>9,413,913</u>	<u>9,485,774</u>
TOTAL RATE BASE	<u>212,141,447</u>	<u>213,006,548</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 11/30/2010

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	34,996,779	319,359,209
Transportation Revenue	1,976,324	23,328,826
Other Operating Revenue	160,776	1,688,668
	<u>37,133,879</u>	<u>344,376,703</u>
Less: Natural Gas & Production Costs	23,569,432	217,062,096
Revenue Taxes	2,252,459	24,422,941
OPERATING MARGIN	<u>11,311,988</u>	<u>102,891,666</u>
OPERATING EXPENSES		
Distribution	1,055,609	12,905,629
Customer Accounts	524,962	6,513,296
Customer Service & Informational	132,880	1,346,102
Sales	1,879	14,505
Administrative & General	2,245,518	23,136,211
Depreciation & Amortization	1,617,083	17,290,965
Property, Payroll & Misc. Taxes	474,451	6,073,980
Federal Income Taxes	1,471,044	7,713,067
Total Operating Expenses	<u>7,523,427</u>	<u>74,993,755</u>
NET OPERATING INCOME	<u>3,788,561</u>	<u>27,897,911</u>
RATE BASE	<u>213,337,884</u>	<u>212,532,478</u>
RATE OF RETURN	<u>1.78%</u>	<u>13.13%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	525,731,075	520,594,228
Accumulated Depreciation	(265,760,597)	(260,942,813)
Net Utility Plant	<u>259,970,478</u>	<u>259,651,415</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,462,268)	(4,952,531)
Accumulated Deferred Income Taxes	(51,635,674)	(51,635,674)
Deferred Debits	-	-
Subtotal	<u>203,872,536</u>	<u>203,063,210</u>
Working Capital	9,465,349	9,469,268
TOTAL RATE BASE	<u>213,337,884</u>	<u>212,532,478</u>

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Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 12/31/2010

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	43,205,604	303,485,817
Transportation Revenue	1,840,394	22,880,089
Other Operating Revenue	232,365	1,767,262
	<u>45,278,364</u>	<u>328,133,169</u>
Less: Natural Gas & Production Costs	28,598,974	203,228,282
Revenue Taxes	3,383,359	23,844,508
OPERATING MARGIN	<u>13,296,030</u>	<u>101,060,379</u>
OPERATING EXPENSES		
Distribution	1,257,895	13,113,859
Customer Accounts	(112,625)	5,529,797
Customer Service & Informational	169,925	1,345,925
Sales	150	11,876
Administrative & General	2,754,317	23,727,960
Depreciation & Amortization	1,605,895	17,341,413
Property, Payroll & Misc. Taxes	486,348	6,096,372
Federal Income Taxes	(2,422,622)	2,370,877
Total Operating Expenses	<u>3,739,282</u>	<u>69,538,078</u>
NET OPERATING INCOME	<u>9,556,748</u>	<u>31,522,300</u>
RATE BASE	<u>216,544,475</u>	<u>215,288,727</u>
RATE OF RETURN	<u>4.41%</u>	<u>14.64%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	526,584,168	521,396,429
Accumulated Depreciation	(266,487,919)	(261,926,989)
Net Utility Plant	<u>260,096,249</u>	<u>259,469,439</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,377,017)	(4,930,504)
Accumulated Deferred Income Taxes	(48,712,061)	(48,712,061)
Deferred Debits	-	-
Subtotal	<u>207,007,170</u>	<u>205,826,874</u>
Working Capital	<u>9,537,305</u>	<u>9,461,853</u>
TOTAL RATE BASE	<u>216,544,475</u>	<u>215,288,727</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
Washington Statement of Operations
Quarter Ending: 12/31/2010

	Month ended			12 Months Ended...		
	Oct 2010	Nov 2010	Dec 2010	Oct 2010	Nov 2010	Dec 2010
GAS SALES						
480 Residential Sales	11,083,782	20,210,130	23,891,074	174,885,039	173,902,782	164,231,252
481 Commercial - Interruptible Sales	10,151,015	14,786,649	19,314,530	146,125,294	145,456,426	139,254,565
TOTAL GAS SALES	21,234,797	34,996,779	43,205,604	321,010,333	319,359,209	303,485,817
OTHER OPERATING REVENUE						
4880 Miscellaneous Service Revenues	105,904	151,065	181,602	1,551,159	1,522,888	1,589,794
4890 Rev. From Transp. of Gas of Others	2,103,439	1,976,324	1,840,394	23,203,107	23,328,826	22,880,089
4930 Rent From Gas Property	3,400	374	3,200	24,400	21,574	22,574
4950 Other Gas Revenue	15,685	9,336	47,563	149,267	144,205	154,894
495.1 Overrun Penalty Income	-	-	-	-	-	-
TOTAL OTHER OPERATING REVENUE	2,228,428	2,137,100	2,072,759	24,927,933	25,017,494	24,647,352
* TOTAL OPERATING REVENUE *	23,463,225	37,133,879	45,278,364	345,938,266	344,376,703	328,133,169
NATURAL GAS PURCHASED						
804 Natural Gas City Gate Purchases	12,136,972	21,381,840	27,382,374	220,095,216	216,266,981	202,457,909
805 Other Gas Purchases	-	-	-	-	-	-
805.1 Purchased Gas Cost Adjustments	1,979,426	991,579	1,848,730	(2,420,213)	(1,190,667)	1,028,260
808.1 Gas Withdrawn From Storage	345,088	1,532,015	127,090	8,767,406	10,109,291	7,134,565
808.2 Gas Delivered To Storage	(9,499)	(331,605)	(746,723)	(7,721,810)	(8,050,299)	(7,318,691)
812 Gas Used For Other Utility Oper.	(1,502)	(4,398)	(12,497)	(75,130)	(73,210)	(73,761)
TOTAL NATURAL GAS PURCHASED	14,450,485	23,569,432	28,598,974	218,645,470	217,062,096	203,228,282
MANUFACTURED GAS PRODUCTION						
712 Other Power Expenses	-	-	-	-	-	-
717 Liquefied Petroleum Gas Expenses	-	-	-	-	-	-
718 Other Process Production Expenses	-	-	-	-	-	-
723 Fuel for Liq. Petrol. Gas Process	-	-	-	-	-	-
724 Other Gas Fuels	-	-	-	-	-	-
728 Liquefied Petroleum Gas	-	-	-	-	-	-
733 Gas Mixing Expenses	-	-	-	-	-	-
735 Miscellaneous Production Expenses	-	-	-	-	-	-
740 Maint. Supervision & Engineering	-	-	-	-	-	-
741 Maint. of Structures & Improvement	-	-	-	-	-	-
742 Maint. of Production Equipment	-	-	-	-	-	-
TOTAL MANUFACTURED GAS PRODUCTION EXPEN:	-	-	-	-	-	-
408.5 Revenue Taxes	1,392,221	2,252,459	3,383,359	24,655,077	24,422,941	23,844,508
* OPERATING MARGIN *	7,620,519	11,311,988	13,296,030	102,637,719	102,891,666	101,060,379

Cascade Natural Gas Corporation
Washington Statement of Operations
Quarter Ending: 12/31/2010

	Month ended			12 Months Ended...			
	Oct 2010	Nov 2010	Dec 2010	Oct 2010	Nov 2010	Dec 2010	
DISTRIBUTION EXPENSES							
Operation							
870	Oper., Supervision & Engineering	40,476	44,474	69,134	247,431	252,098	532,161
871	Distribution Load Dispatching	63,134	34,043	44,182	990,097	932,438	881,374
872	Compressor Station	1,566	5,219	6,431	11,202	15,790	20,043
874	Mains & Services Exp.	225,207	172,779	193,915	2,504,126	2,515,484	2,435,982
875	Meas. & Reg. Stat. Exp.-Gen.	39,115	46,472	49,792	432,869	435,660	425,703
876	Meas. & Reg. Stat. Exp.-Ind.	20,051	9,336	17,667	175,743	171,656	173,296
878	Meter & House Regulator Exp.	123,382	113,804	132,058	1,309,078	1,315,732	1,305,627
879	Customer Installations Exp.	141,282	161,788	171,904	1,624,931	1,636,155	1,621,222
880	Other Exp.	218,049	223,872	259,027	2,599,250	2,585,729	2,573,157
881	Rents	347	5,357	5,481	170,963	173,899	157,424
882	Transportation Exp.	-	-	-	-	-	-
Maintenance							
885	Supervision & Engineering	-	-	6,020	(81,481)	(81,481)	6,272
886	Structures & Improvements	3,394	163	1,293	45,369	41,896	28,114
887	Mains	61,619	60,583	98,317	699,382	706,748	750,084
8880	Compressor Station	93	2,043	60	813	2,745	2,755
889	Meas. & Reg. Equip.-Gen.	27,983	18,859	23,145	339,216	336,966	330,408
890	Meas. & Reg. Equip.-Ind.	7,392	8,138	11,552	100,861	102,594	109,609
892	Services	42,027	56,076	31,239	562,468	568,600	543,089
893	Meters & House Regulators	64,049	58,161	84,560	792,790	797,036	818,877
894	Other Equipment	26,822	34,443	52,118	393,315	395,886	398,662
TOTAL DISTRIBUTION EXPENSES							
		1,105,986	1,055,609	1,257,895	12,918,439	12,905,629	13,113,859
CUSTOMER ACCOUNTS EXPENSES							
901	Supervision	5,858	5,923	10,164	(3,707)	(3,141)	43,242
902	Meter Reading Exp.	37,864	40,613	43,361	444,297	452,468	456,079
903	Cust. Records & Collection Exp.	359,254	128,195	227,327	3,871,149	3,632,526	3,476,289
904	Uncollectible Accounts	170,117	344,609	(397,942)	2,353,830	2,523,959	1,652,411
905	Misc. Exp.	4,546	5,623	4,464	(92,939)	(92,517)	(98,224)
TOTAL CUSTOMER ACCOUNTS EXP.							
		577,640	524,962	(112,625)	6,572,629	6,513,296	5,529,797

Cascade Natural Gas Corporation
Washington Statement of Operations
Quarter Ending: 12/31/2010

	Month ended			12 Months Ended...		
	Oct 2010	Nov 2010	Dec 2010	Oct 2010	Nov 2010	Dec 2010
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES						
907 Supervision	-	-	-	4,025	3,717	3,108
908 Cust. Assistance Exp.	100,034	132,820	142,605	1,327,937	1,333,702	1,306,940
909 Info. & Instr. Advertising Exp.	7,600	60	27,320	8,525	8,472	35,666
910 Misc. Cust. Serv. & Info. Exp.	-	-	-	211	211	211
TOTAL CUST. SRVC. & INFO. EXPENSES	107,634	132,880	169,925	1,340,697	1,346,102	1,345,925
SALES EXPENSES						
911 Supervision	-	-	-	-	-	-
912 Demonstrating & Selling	-	-	-	0	0	0
913 Advertising	1,308	1,879	150	12,626	14,505	11,876
916 Misc. Sales Exp.	-	-	-	(0)	(0)	(0)
TOTAL SALES EXPENSES	1,308	1,879	150	12,626	14,505	11,876
ADMINISTRATIVE AND GENERAL EXPENSES						
920 Admin. & General Salaries	507,231	911,977	1,484,044	10,591,873	10,950,430	11,488,946
921 Office Supplies & Exp.	460,765	476,855	624,703	4,330,547	4,565,139	4,859,538
923 Outside Services Employed	106,616	162,827	253,454	1,389,631	1,419,848	1,452,693
924 Property Insurance	8,321	8,321	8,321	89,755	90,595	91,435
925 Injuries & Damages	163,186	222,548	(46,905)	1,389,908	1,311,934	1,170,886
926 Employee Pensions & Benefits	283,504	319,555	264,423	3,128,421	3,240,637	3,199,237
928 Regulatory Commission Exp.	-	-	-	(0)	(0)	(0)
930.1 General Advertising Exp.	14,874	1,548	1,406	34,646	34,433	34,998
930.2 Misc. General Exp.	179,561	168,752	187,266	1,852,467	1,878,213	1,770,635
931 Rents	9,129	2,731	1,246	53,696	52,215	45,162
932 Maintenance of General Plant	11,832	10,963	6,894	188,886	158,646	139,929
922 Capitalized Exp.	(37,627)	(40,559)	(30,535)	(552,063)	(565,879)	(525,500)
TOTAL ADM. & GEN. EXPENSES	1,707,391	2,245,518	2,754,317	22,497,768	23,136,211	23,727,960
TOTAL O & M EXPENSES (Excluding Gas Cost and Production Cost and Revenue Taxes)	3,499,960	3,960,849	4,069,661	43,342,158	43,915,742	43,729,416

Cascade Natural Gas Corporation
Washington Statement of Operations
Quarter Ending: 12/31/2010

	Month ended			12 Months Ended		
	Oct 2010	Nov 2010	Dec 2010	Oct 2010	Nov 2010	Dec 2010
DEPRECIATION AND AMORTIZATION						
403	1,616,636	1,617,083	1,605,895	17,234,404	17,290,965	17,341,413
Depreciation Expense						
Propane Air Plant	-	-	-	-	-	-
Telemetry	-	-	-	-	-	-
Meters & Regulators	-	-	-	(0)	(0)	(0)
Central Stores Warehouse	-	-	-	-	-	-
General Office	-	-	-	-	-	-
407.1	-	-	-	-	-	-
Amortization of Property Losses						
TOTAL DEPRECIATION AND AMORTIZATION	1,616,636	1,617,083	1,605,895	17,234,404	17,290,965	17,341,413
407.3	-	-	-	-	-	-
Regulatory Debits						
TAXES OTHER THAN INCOME TAXES						
408.1	551,245	474,451	486,348	6,054,646	6,073,980	6,096,372
Property, Payroll and Misc. Taxes						
INCOME TAXES - OPERATING						
409.1	(263,861)	841,913	768,686	4,079,053	4,633,118	(395,244)
Federal Inc Taxes, Util Oper Inc						
409.1	(12,547)	130,829	433,705	224,348	319,747	469,011
State Income Taxes, Util Oper Inc						
410.1	562,167	573,196	(3,786,391)	3,667,128	2,872,160	2,032,511
Provision For Defer'd Fed Inc Tax						
410.1	26,329	(67,257)	156,972	96,000	(27,951)	336,564
Provis'n For Defer'd State Inc Tax						
411.1	-	-	-	-	-	-
Prov For Deferred Inc Tax - Credit						
411.4	(7,637)	(7,637)	4,405	(84,007)	(84,007)	(71,965)
Investment Tax Credit Adjustments						
TOTAL INCOME TAXES - OPERATING	304,451	1,471,044	(2,422,622)	7,982,522	7,713,067	2,370,877
* TOTAL OPERATING EXPENSES *	5,972,291	7,523,427	3,739,282	74,613,729	74,993,755	69,538,078
* TOTAL OPERATING INCOME *	1,648,227	3,788,561	9,556,748	28,023,989	27,897,911	31,522,300