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November 14, 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 Statement of Operations Report

Dear Mr. Danner:

In accordance with WAC 480-90-275, please find enclosed Cascade Natural Gas Corporation's monthly Statement of Operations report for the quarter ending September 30, 2011.

If you have any questions, please contact me at (509) 734-4591.

Sincerely,

Pamela J. Archer

Pamela J. Archer
Supervisor
Regulatory Analysis

Attachments

RECEIVED
REGULATORY MANAGEMENT
2011 NOV 16 AM 9:08
STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION
COMMISSION

CASCADE NATURAL GAS CORPORATION
Washington Statement of Operations
QUARTERLY STATISTICAL INFORMATION

THERM SALES

	Monthly			12 Months Ending		
	July 2011	August 2011	September 2011	July 2011	August 2011	September 2011
Residential	2,979,441	3,023,564	2,959,853	119,610,884	119,043,826	118,373,948
Commercial	2,979,624	3,239,511	2,878,322	94,070,732	93,573,561	92,746,437
Industrial Firm	376,384	487,104	581,669	10,333,932	10,446,832	10,620,553
Core Interruptible	258,968	223,721	268,215	4,818,655	4,823,167	4,821,132
Noncore	40,293,233	47,191,850	55,849,629	619,931,364	597,854,967	585,277,581
TOTAL WASHINGTON	46,887,650	54,165,750	62,537,688	848,765,567	825,742,353	811,839,651

	AVERAGE CUSTOMERS		
	July 2011	August 2011	September 2011
Residential	170,293	170,160	170,425
Commercial	24,387	24,334	24,315
Industrial Firm	351	354	354
Core Interruptible	13	13	13
Noncore	179	179	178
TOTAL WASHINGTON	195,223	195,040	195,285

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 7/31/2011

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	7,096,992	229,645,410
Transportation Revenue	1,324,755	18,636,017
Other Operating Revenue	76,470	1,474,046
	<u>8,498,218</u>	<u>249,755,474</u>
Less: Natural Gas & Production Costs	4,121,768	147,699,689
Revenue Taxes	696,016	21,141,616
OPERATING MARGIN	<u>3,680,434</u>	<u>80,914,169</u>
OPERATING EXPENSES		
Distribution	926,558	10,310,148
Customer Accounts	314,889	3,658,384
Customer Service & Informational Sales	66,667	861,466
	-	15,443
Administrative & General	1,390,297	18,224,600
Depreciation & Amortization	1,270,378	15,068,512
Property, Payroll & Misc. Taxes	344,686	4,080,281
Federal Income Taxes	(863,063)	2,351,663
Total Operating Expenses	<u>3,450,411</u>	<u>54,570,496</u>
NET OPERATING INCOME	<u>230,023</u>	<u>26,343,673</u>
RATE BASE	<u>211,859,325</u>	<u>211,435,820</u>
RATE OF RETURN	<u>0.11%</u>	<u>12.46%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	535,721,160	529,166,114
Accumulated Depreciation	(274,840,681)	(268,814,414)
Net Utility Plant	<u>260,880,479</u>	<u>260,351,699</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,382,772)	(4,365,692)
Accumulated Deferred Income Taxes	(54,048,516)	(54,048,516)
Deferred Debits	-	-
Subtotal	<u>202,449,192</u>	<u>201,937,492</u>
Working Capital	<u>9,410,133</u>	<u>9,498,328</u>
TOTAL RATE BASE	<u>211,859,325</u>	<u>211,435,820</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 8/31/2011

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	7,432,271	227,466,696
Transportation Revenue	1,496,653	18,353,501
Other Operating Revenue	167,811	1,574,200
	<u>9,096,735</u>	<u>247,394,396</u>
Less: Natural Gas & Production Costs	4,357,330	145,720,791
Revenue Taxes	715,236	21,037,916
OPERATING MARGIN	<u>4,024,168</u>	<u>80,635,690</u>
OPERATING EXPENSES		
Distribution	1,050,283	10,462,219
Customer Accounts	290,171	3,610,616
Customer Service & Informational	70,158	864,935
Sales	800	15,349
Administrative & General	1,477,613	17,871,794
Depreciation & Amortization	1,272,904	15,108,838
Property, Payroll & Misc. Taxes	333,779	4,055,259
Federal Income Taxes	(443,733)	2,266,161
Total Operating Expenses	<u>4,051,975</u>	<u>54,255,171</u>
NET OPERATING INCOME	<u>(27,807)</u>	<u>26,380,519</u>
RATE BASE	<u>211,352,785</u>	<u>210,889,058</u>
RATE OF RETURN	<u>-0.01%</u>	<u>12.51%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	537,228,516	530,312,663
Accumulated Depreciation	(276,070,127)	(269,810,737)
Net Utility Plant	<u>261,158,389</u>	<u>260,501,925</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,433,977)	(4,345,196)
Accumulated Deferred Income Taxes	(54,759,299)	(54,759,299)
Deferred Debits	-	-
Subtotal	<u>201,965,114</u>	<u>201,397,430</u>
Working Capital	<u>9,387,671</u>	<u>9,491,628</u>
TOTAL RATE BASE	<u>211,352,785</u>	<u>210,889,058</u>

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Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 9/30/2011

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	7,123,663	225,342,911
Transportation Revenue	1,725,789	18,419,223
Other Operating Revenue	91,590	1,505,019
	<u>8,941,042</u>	<u>245,267,153</u>
Less: Natural Gas & Production Costs	4,177,365	143,506,765
Revenue Taxes	718,185	20,904,296
OPERATING MARGIN	<u>4,045,492</u>	<u>80,856,092</u>
OPERATING EXPENSES		
Distribution	1,288,636	10,924,542
Customer Accounts	(8,006)	3,333,805
Customer Service & Informational	68,498	866,743
Sales	655	15,242
Administrative & General	1,521,666	17,856,519
Depreciation & Amortization	1,240,905	15,104,256
Property, Payroll & Misc. Taxes	319,219	4,013,572
Federal Income Taxes	(205,327)	2,226,855
Total Operating Expenses	<u>4,226,246</u>	<u>54,341,534</u>
NET OPERATING INCOME	<u>(180,754)</u>	<u>26,514,558</u>
RATE BASE	<u>213,316,047</u>	<u>211,922,635</u>
RATE OF RETURN	<u>-0.08%</u>	<u>12.51%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	539,814,474	531,821,384
Accumulated Depreciation	(277,262,742)	(270,790,220)
Net Utility Plant	<u>262,551,732</u>	<u>261,031,164</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,431,085)	(4,357,751)
Accumulated Deferred Income Taxes	(54,252,328)	(54,252,328)
Deferred Debits	-	-
Subtotal	<u>203,868,319</u>	<u>202,421,085</u>
Working Capital	<u>9,447,728</u>	<u>9,501,550</u>
TOTAL RATE BASE	<u>213,316,047</u>	<u>211,922,635</u>

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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.

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	July-11	August-11	September-11	AUGUST 1, 2010 THROUGH JULY 31, 2011	SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011	OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011
GAS SALES						
480 Residential Sales	3,578,193.95	3,612,034.22	3,543,737.02	125,087,650.36	124,015,653.53	123,074,810.33
481 Commercial - Interruptible Sales	3,518,798.43	3,820,236.29	3,579,925.54	104,557,760.03	103,451,042.01	102,268,101.10
TOTAL GAS SALES	7,096,992.38	7,432,270.51	7,123,662.56	229,645,410.39	227,466,695.54	225,342,911.43
OTHER OPERATING REVENUE						
4880 Miscellaneous Service Revenues	80,621.14	81,518.41	81,893.65	1,348,058.28	1,365,687.94	1,290,916.23
4890 Rev. From Transp. of Gas of Others	1,324,755.01	1,496,653.14	1,725,789.29	18,636,017.41	18,353,500.89	18,419,222.62
4930 Rent From Gas Property	600.00	200.00	-	6,356.84	5,600.34	4,843.84
4950 Other Gas Revenue	(4,750.93)	86,092.44	9,696.77	119,630.76	202,911.38	209,259.24
495.1 Overrun Penalty Income	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER OPERATING REVENUE	1,401,225.22	1,664,463.99	1,817,379.71	20,110,063.29	19,927,700.55	19,924,241.93
* TOTAL OPERATING REVENUE *	8,498,217.60	9,096,734.50	8,941,042.27	249,755,473.68	247,394,396.09	245,267,153.36
NATURAL GAS PURCHASED						
804 Natural Gas City Gate Purchases	6,183,539.15	6,914,216.06	6,302,551.28	145,379,243.60	145,663,613.61	145,428,838.96
805 Other Gas Purchases	0.00	0.00	0.00	0.00	0.00	0.00
805.1 Purchased Gas Cost Adjustments	(1,477,420.64)	(1,124,454.52)	(1,465,717.32)	1,973,619.16	(114,365.23)	(1,939,583.59)
808.1 Gas Withdrawn From Storage	-	0.00	-	5,779,414.04	5,779,414.04	5,779,414.04
808.2 Gas Delivered To Storage	(583,463.33)	(1,432,061.64)	(659,120.80)	(5,372,273.74)	(5,547,483.16)	(5,701,541.81)
812 Gas Used For Other Utility Oper.	(887.55)	(369.99)	(347.99)	(60,314.55)	(60,388.43)	(60,362.59)
TOTAL NATURAL GAS PURCHASED	4,121,767.63	4,357,329.91	4,177,365.17	147,699,688.51	145,720,790.83	143,506,765.01
MANUFACTURED GAS PRODUCTION						
712 Other Power Expenses	0.00	0.00	0.00	0.00	0.00	0.00
717 Liquefied Petroleum Gas Expenses	0.00	0.00	0.00	0.00	0.00	0.00
718 Other Process Production Expenses	0.00	0.00	0.00	0.00	0.00	0.00
723 Fuel for Liq. Petrol. Gas Process	0.00	0.00	0.00	0.00	0.00	0.00
724 Other Gas Fuels	0.00	0.00	0.00	0.00	0.00	0.00
728 Liquefied Petroleum Gas	0.00	0.00	0.00	0.00	0.00	0.00
733 Gas Mixing Expenses	0.00	0.00	0.00	0.00	0.00	0.00
735 Miscellaneous Production Expenses	0.00	0.00	0.00	0.00	0.00	0.00
740 Maint. Supervision & Engineering	0.00	0.00	0.00	0.00	0.00	0.00
741 Maint. of Structures & Improvement	0.00	0.00	0.00	0.00	0.00	0.00
742 Maint. of Production Equipment	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL MANUFACTURED GAS PRODUCTION EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
408.5 Revenue Taxes	696,016.37	715,236.11	718,184.63	21,141,616.30	21,037,915.65	20,904,296.33
* OPERATING MARGIN *	3,680,433.60	4,024,168.48	4,045,492.47	80,914,168.87	80,635,689.61	80,856,092.02
DISTRIBUTION EXPENSES						
Operation						
870 Oper., Supervision & Engineering	29,753.05	46,108.87	68,436.38	364,574.71	382,973.53	425,832.40
871 Distribution Load Dispatching	25,732.85	29,556.60	35,025.56	481,407.91	448,774.02	402,414.34
872 Compressor Station	4,544.31	3,801.88	5,903.09	51,963.03	54,896.70	55,790.41
874 Mains & Services Exp.	196,404.16	294,317.05	270,216.98	2,129,720.10	2,221,395.44	2,318,247.37
875 Meas. & Reg. Stat. Exp.-Gen.	34,088.16	39,823.91	38,110.65	367,017.55	383,835.16	400,797.17
876 Meas. & Reg. Stat. Exp.-Ind.	7,547.21	10,667.65	15,053.79	120,412.74	120,710.26	125,063.72
878 Meter & House Regulator Exp.	94,609.68	98,632.49	86,810.67	975,029.38	1,000,184.13	1,012,249.38
879 Customer Installations Exp.	80,773.07	73,690.97	97,860.28	1,168,352.56	1,149,132.30	1,153,705.39
880 Other Exp.	211,091.85	195,758.37	334,202.00	2,135,933.54	2,151,066.89	2,314,800.24
881 Rents	3,310.19	7,720.44	6,301.80	69,327.42	60,622.20	60,314.02
882 Transportation Exp.	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Operations	687,854.53	800,078.23	957,921.20	7,863,738.94	7,973,590.63	8,269,214.44
Maintenance						
885 Supervision & Engineering	0.00	90.17	0.00	4,401.83	4,492.00	4,492.00

STATE ALLOCATION OF INCOME & EXPENSES		Month Ended			12 MONTH Ended		
		July-11	August-11	September-11	AUGUST 1, 2010 THROUGH JULY 31, 2011	SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011	OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011
886	Structures & Improvements	0.00	26.38	40.00	13,308.42	12,655.06	12,206.12
887	Mains	94,434.82	93,503.50	64,011.75	679,390.36	731,279.28	758,016.28
8880	Compressor Station	212.37	1,115.64	3,155.50	21,598.41	22,714.05	25,869.55
889	Meas. & Reg. Equip.-Gen.	24,015.72	27,341.25	32,732.65	265,626.09	279,435.33	292,034.70
890	Meas. & Reg. Equip.-Ind.	8,145.57	7,054.13	5,301.99	68,622.93	63,227.57	66,635.98
892	Services	34,200.39	43,967.86	59,019.39	507,884.54	512,430.55	541,746.14
893	Meters & House Regulators	47,150.88	53,078.11	82,533.91	591,619.90	575,065.41	607,128.38
894	Other Equipment	30,543.66	24,028.10	83,919.72	293,956.39	287,329.02	347,198.28
	Subtotal Maintenance	238,703.41	250,205.14	330,714.91	2,446,408.87	2,488,628.27	2,655,327.43
	TOTAL DISTRIBUTION EXPENSES	926,557.94	1,050,283.37	1,288,636.11	10,310,147.81	10,462,218.90	10,924,541.87
	CUSTOMER ACCOUNTS EXPENSES						
901	Supervision	4,474.12	5,044.34	5,147.51	57,988.79	57,782.45	60,145.44
902	Meter Reading Exp.	37,573.53	45,319.23	34,119.00	394,762.32	406,849.69	416,477.61
903	Cust. Records & Collection Exp.	250,981.62	283,285.13	260,084.32	2,454,338.33	2,554,621.03	2,664,936.00
904	Uncollectible Accounts	21,743.08	(42,739.23)	(307,356.34)	717,996.98	564,509.66	174,958.75
905	Misc. Exp.	116.31	(738.42)	-	33,297.90	26,853.50	17,287.11
	TOTAL CUSTOMER ACCOUNTS EXP.	314,888.66	290,171.05	(8,005.51)	3,658,384.32	3,610,616.33	3,333,804.91
	CUSTOMER SERVICE AND INFORMATIONAL EXPENSES						
907	Supervision	0.00	-	-	0.00	-	-
908	Cust. Assistance Exp.	66,666.66	66,666.66	67,791.08	799,999.95	799,999.94	801,124.35
909	Info. & Instr. Advertising Exp.	0.00	3,491.34	706.45	61,206.23	64,674.91	65,358.70
910	Misc. Cust. Serv. & Info. Exp.	0.00	-	0.00	259.80	259.80	259.80
	TOTAL CUST. SRVC. & INFO. EXPENSES	66,666.66	70,158.00	68,497.53	861,465.98	864,934.65	866,742.85
	SALES EXPENSES						
911	Supervision	0.00	0.00	0.00	0.00	0.00	0.00
912	Demonstrating & Selling	0.00	0.00	0.00	0.00	0.00	0.00
913	Advertising	0.00	800.00	655.00	15,442.84	15,348.89	15,242.25
916	Misc. Sales Exp.	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL SALES EXPENSES	0.00	800.00	655.00	15,442.84	15,348.89	15,242.25
	ADMINISTRATIVE AND GENERAL EXPENSES						
920	Admin. & General Salaries	399,701.05	410,252.68	397,020.24	7,177,081.16	6,595,212.54	5,954,191.60
921	Office Supplies & Exp.	368,948.39	284,411.00	396,297.42	4,531,219.12	4,569,561.80	4,661,890.53
923	Outside Services Employed	31,351.63	40,527.07	59,105.17	927,257.72	921,227.21	976,452.38
924	Property Insurance	6,532.24	2,759.09	2,759.09	80,512.28	76,976.22	73,440.16
925	Injuries & Damages	53,196.45	54,786.51	55,197.30	839,055.15	810,140.19	799,536.16
926	Employee Pensions & Benefits	409,739.03	555,307.41	525,098.87	3,287,180.56	3,482,301.60	4,056,381.01
928	Regulatory Commission Exp.	-	-	0.00	-	-	0.00
930.1	General Advertising Exp.	2,506.78	25,748.51	2,796.49	45,821.07	70,879.65	71,473.45
930.2	Misc. General Exp.	51,019.98	36,708.03	(5,525.46)	978,311.73	884,573.91	727,935.74
931	Rents	85,253.50	85,206.84	85,206.84	616,953.43	701,162.33	775,698.68
932	Maintenance of General Plant	3,089.22	5,724.45	27,583.91	79,726.47	79,752.15	103,387.07
		1,411,338.27	1,501,431.59	1,545,539.87	18,563,118.69	18,191,787.60	18,200,386.78
922	Capitalized Exp.	(21,041.61)	(23,818.59)	(23,873.53)	(338,518.66)	(319,994.03)	(343,867.56)
	TOTAL ADM. & GEN. EXPENSES	1,390,296.66	1,477,613.00	1,521,666.34	18,224,600.03	17,871,793.57	17,856,519.22
	TOTAL O&M EXPENSES (Excluding Gas Cost and	2,698,409.92	2,889,025.42	2,871,449.47	33,070,040.98	32,824,912.34	32,996,851.10
	DEPRECIATION AND AMORTIZATION						
403	Depreciation Expense	1,270,377.54	1,272,904.27	1,240,905.29	15,068,511.56	15,108,838.46	15,104,255.50
	Propane Air Plant	-	-	0.00	-	-	0.00
	Telemetry	-	-	0.00	-	-	0.00
	Meters & Regulators	-	-	-	-	-	-
	Central Stores Warehouse	-	-	0.00	-	-	0.00

Cascade Natural Gas Corporation
Washington Statement of Operations
Quarter Ending: 9/30/2011

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	July-11	August-11	September-11	AUGUST 1, 2010 THROUGH JULY 31, 2011	SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011	OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011
General Office	-	-	0.00	-	-	0.00
407.1 Amortization of Property Losses	-	-	0.00	-	-	0.00
TOTAL DEPRECIATION AND AMORTIZATION	1,270,377.54	1,272,904.27	1,240,905.29	15,068,511.56	15,108,838.46	15,104,255.50
407.3 Regulatory Debits	0.00	0.00	0.00	0.00	0.00	0.00
TAXES OTHER THAN INCOME TAXES						
408.1 Property, Payroll and Misc. Taxes	344,685.66	333,778.84	319,219.08	4,080,280.72	4,055,259.26	4,013,572.21
INCOME TAXES - OPERATING						
409.1 Federal Inc Taxes, Util Oper Inc	(1,525,128.79)	(1,141,331.00)	325,494.00	(2,526,638.00)	(3,107,097.00)	(243,678.00)
409.1 State Income Taxes, Util Oper Inc	0.00	0.00	0.00	0.00	0.00	0.00
410.1 Provision For Defer'd Fed Inc Tax	657,016.16	692,547.58	(505,570.99)	4,923,307.56	5,407,443.23	2,524,197.40
410.1 Provis'n For Defer'd State Inc Tax	0.00	0.00	0.00	0.00	0.00	0.00
411.1 Prov For Deferred Inc Tax - Credit	0.00	0.00	0.00	0.00	0.00	0.00
411.4 Investment Tax Credit Adjustments	5,050.10	5,050.10	(25,250.49)	(45,006.76)	(34,185.38)	(53,664.59)
TOTAL INCOME TAXES - OPERATING	(863,062.53)	(443,733.32)	(205,327.48)	2,351,662.80	2,266,160.85	2,226,854.81
* TOTAL OPERATING EXPENSES *	3,450,410.59	4,051,975.21	4,226,246.36	54,570,496.06	54,255,170.91	54,341,533.62
* TOTAL OPERATING INCOME *	230,023.01	(27,806.73)	(180,753.89)	26,343,672.81	26,380,518.70	26,514,558.40