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STATE OF WASH.  
UTIL. AND TRANSP.  
COMMISSION

August 13, 2012

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, enclosed is Cascade Natural Gas Corporation's monthly Statement of Operations report for the quarter ending June 30, 2012.

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

Sincerely,

Michael Parvinen  
Manager, Regulatory Affairs

attachments

**CASCADE NATURAL GAS CORPORATION**  
Washington Statement of Operations  
QUARTERLY STATISTICAL INFORMATION

**THERM SALES**

	Monthly			12 Months Ending		
	April 2012	May 2012	June 2012	April 2012	May 2012	June 2012
<b>Residential</b>	8,301,840	5,159,733	4,246,063	118,561,110	117,310,048	117,698,449
<b>Commercial</b>	6,088,968	4,498,245	3,859,699	91,383,147	90,775,725	90,770,723
<b>Industrial Firm</b>	837,434	591,079	483,284	10,482,860	10,370,864	10,349,687
<b>Core Interruptible</b>	389,327	320,764	275,194	4,737,492	4,690,776	4,683,958
<b>Noncore</b>	41,069,054	40,923,474	39,932,158	599,771,295	602,086,181	606,520,619
<b>TOTAL WASHINGTON</b>	<b>56,686,623</b>	<b>51,493,295</b>	<b>48,796,398</b>	<b>824,935,904</b>	<b>825,233,594</b>	<b>830,023,436</b>

	AVERAGE CUSTOMERS		
	April 2012	May 2012	June 2012
<b>Residential</b>	172,366	172,055	171,771
<b>Commercial</b>	24,626	24,564	24,522
<b>Industrial Firm</b>	357	354	355
<b>Core Interruptible</b>	11	11	11
<b>Noncore</b>	190	190	191
<b>TOTAL WASHINGTON</b>	<b>197,550</b>	<b>197,174</b>	<b>196,850</b>

**Cascade Natural Gas Corporation**  
**State of Washington**  
**Statement of Operations and Rate of Return**  
**Month and Twelve Months Ended 4/30/2012**

	Month	Twelve Months
<b>OPERATING REVENUES</b>		
Natural Gas Sales	14,190,134	207,167,810
Transportation Revenue	1,468,187	18,664,992
Other Operating Revenue	116,787	1,297,096
	15,775,108	227,129,897
Less: Natural Gas & Production Costs	8,311,898	127,221,794
Revenue Taxes	1,515,215	19,084,988
<b>OPERATING MARGIN</b>	<b>5,947,995</b>	<b>80,823,115</b>
<b>OPERATING EXPENSES</b>		
Production	8,414	100,764
Distribution	1,060,490	13,016,561
Customer Accounts	492,171	4,310,451
Customer Service & Informational	67,849	861,553
Sales	54	8,359
Administrative & General	1,501,312	16,227,562
Depreciation & Amortization	1,240,065	15,101,245
Property, Payroll & Misc. Taxes	778,174	4,375,890
Federal Income Taxes	23,525	5,599,765
Total Operating Expenses	5,172,055	59,602,150
<b>NET OPERATING INCOME</b>	<b>775,940</b>	<b>21,220,965</b>
<b>RATE BASE</b>	<b>213,112,635</b>	<b>211,189,033</b>
<b>RATE OF RETURN</b>	<b>0.36%</b>	<b>10.05%</b>

**SCHEDULE OF RATE BASE**

Utility Plant In Service	549,303,336	541,606,893
Accumulated Depreciation	(284,423,447)	(278,534,547)
Net Utility Plant	264,879,890	263,072,346
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,339,014)	(4,456,587)
Accumulated Deferred Income Taxes	(56,886,667)	(56,886,667)
Deferred Debits	-	-
Subtotal	203,654,209	201,729,092
Working Capital	9,458,426	9,459,941
<b>TOTAL RATE BASE</b>	<b>213,112,635</b>	<b>211,189,033</b>

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 5/31/2012**

	Month	Twelve Months
<b>OPERATING REVENUES</b>		
Natural Gas Sales	9,820,676	204,159,248
Transportation Revenue	1,579,541	18,829,135
Other Operating Revenue	98,850	1,323,873
	11,499,068	224,312,256
Less: Natural Gas & Production Costs	5,632,693	125,013,994
Revenue Taxes	1,038,769	18,732,634
<b>OPERATING MARGIN</b>	<b>4,827,606</b>	<b>80,565,628</b>
<b>OPERATING EXPENSES</b>		
Production	9,528	110,293
Distribution	1,167,600	13,298,326
Customer Accounts	490,160	4,410,874
Customer Service & Informational	66,715	839,900
Sales	15,000	22,174
Administrative & General	1,624,974	16,407,246
Depreciation & Amortization	1,241,531	15,073,911
Property, Payroll & Misc. Taxes	391,978	4,420,228
Federal Income Taxes	(304,683)	5,401,253
Total Operating Expenses	4,702,803	59,984,206
<b>NET OPERATING INCOME</b>	<b>124,803</b>	<b>20,581,422</b>
<b>RATE BASE</b>	<b>212,291,984</b>	<b>211,018,848</b>
<b>RATE OF RETURN</b>	<b>0.06%</b>	<b>9.75%</b>

**SCHEDULE OF RATE BASE**

Utility Plant In Service	549,874,026	542,920,570
Accumulated Depreciation	(285,654,068)	(279,643,766)
Net Utility Plant	264,219,958	263,276,804
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,081,017)	(4,440,783)
Accumulated Deferred Income Taxes	(57,268,993)	(57,268,993)
Deferred Debits	-	-
Subtotal	202,869,948	201,567,028
Working Capital	9,422,036	9,451,820
<b>TOTAL RATE BASE</b>	<b>212,291,984</b>	<b>211,018,848</b>

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**Cascade Natural Gas Corporation**  
**State of Washington**  
**Statement of Operations and Rate of Return**  
**Month and Twelve Months Ended 6/30/2012**

	Month	Twelve Months
<b>OPERATING REVENUES</b>		
Natural Gas Sales	8,352,189	203,562,282
Transportation Revenue	1,434,845	18,973,179
Other Operating Revenue	97,243	1,291,238
	9,884,277	223,826,699
Less: Natural Gas & Production Costs	4,724,778	124,430,885
Revenue Taxes	822,506	18,578,657
<b>OPERATING MARGIN</b>	<b>4,336,993</b>	<b>80,817,157</b>
<b>OPERATING EXPENSES</b>		
Production	8,424	118,717
Distribution	1,078,893	13,403,974
Customer Accounts	383,723	4,944,176
Customer Service & Informational	68,807	842,040
Sales	-	21,784
Administrative & General	1,316,634	16,537,240
Depreciation & Amortization	1,242,166	15,046,662
Property, Payroll & Misc. Taxes	532,109	4,771,544
Federal Income Taxes	(42,944)	5,060,421
Total Operating Expenses	4,587,813	60,746,558
<b>NET OPERATING INCOME</b>	<b>(250,819)</b>	<b>20,070,599</b>
<b>RATE BASE</b>	<b>211,957,888</b>	<b>210,910,458</b>
<b>RATE OF RETURN</b>	<b>-0.12%</b>	<b>9.52%</b>

**SCHEDULE OF RATE BASE**

Utility Plant In Service	550,827,085	544,267,051
Accumulated Depreciation	(286,857,043)	(280,748,793)
Net Utility Plant	263,970,042	263,518,258
<b>Other:</b>		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,759,364)	(4,395,519)
Accumulated Deferred Income Taxes	(57,660,208)	(57,660,208)
Deferred Debits	-	-
Subtotal	202,550,470	201,462,531
Working Capital	9,407,418	9,447,927
<b>TOTAL RATE BASE</b>	<b>211,957,888</b>	<b>210,910,458</b>

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.

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	April-12	May-12	June-12	May 1, 2011 THROUGH April 30, 2012	June 1, 2011 THROUGH May 31, 2012	July 1, 2011 THROUGH June 30, 2012
<b>GAS SALES</b>						
480 Residential Sales	7,968,333.14	5,213,551.05	4,380,519.45	114,252,936.72	112,511,699.77	112,419,512.58
481 Commercial - Interruptible Sales	6,221,800.43	4,607,125.35	3,971,669.44	92,914,873.28	91,647,548.31	91,142,769.21
<b>TOTAL GAS SALES</b>	<b>14,190,133.57</b>	<b>9,820,676.40</b>	<b>8,352,188.89</b>	<b>207,167,810.00</b>	<b>204,159,248.08</b>	<b>203,562,281.79</b>
<b>OTHER OPERATING REVENUE</b>						
4880 Miscellaneous Service Revenues	96,551.67	101,525.55	88,589.40	1,105,357.38	1,118,477.15	1,113,181.73
4890 Rev. From Transp. of Gas of Others	1,468,186.84	1,579,541.39	1,434,844.84	18,664,991.73	18,829,135.06	18,973,179.25
4930 Rent From Gas Property	-	400.00	-	2,200.00	2,600.00	2,600.00
4950 Other Gas Revenue	20,235.55	(3,075.78)	8,653.67	189,538.36	202,796.19	175,456.34
495.1 Overrun Penalty Income	-	-	-	-	-	-
<b>TOTAL OTHER OPERATING REVENUE</b>	<b>1,584,974.06</b>	<b>1,678,391.16</b>	<b>1,532,087.91</b>	<b>19,962,087.47</b>	<b>20,153,008.40</b>	<b>20,264,417.32</b>
<b>* TOTAL OPERATING REVENUE *</b>	<b>15,775,107.63</b>	<b>11,499,067.56</b>	<b>9,884,276.80</b>	<b>227,129,897.47</b>	<b>224,312,256.48</b>	<b>223,826,699.11</b>
<b>NATURAL GAS PURCHASED</b>						
804 Natural Gas City Gate Purchases	7,985,754.44	6,870,334.68	6,020,413.31	129,707,349.59	126,380,510.54	125,739,248.62
805 Other Gas Purchases	-	-	-	-	-	-
805.1 Purchased Gas Cost Adjustments	(76,653.78)	(1,234,503.39)	(1,400,237.71)	105,855.03	188,233.90	139,186.41
808.1 Gas Withdrawn From Storage	408,587.64	-	106,152.67	2,523,683.23	2,523,683.23	2,629,835.90
808.2 Gas Delivered To Storage	-	-	-	(5,057,950.00)	(4,022,536.45)	(4,022,536.45)
812 Gas Used For Other Utility Oper.	(5,790.16)	(3,138.64)	(1,550.49)	(57,143.68)	(55,896.92)	(54,849.10)
<b>TOTAL NATURAL GAS PURCHASED</b>	<b>8,311,898.14</b>	<b>5,632,692.65</b>	<b>4,724,777.78</b>	<b>127,221,794.17</b>	<b>125,013,994.30</b>	<b>124,430,885.38</b>
<b>MANUFACTURED GAS PRODUCTION</b>						
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	-	-	-	-	-	-
<b>TOTAL MANUFACTURED GAS PRODUCTION EXPENSE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
408.5 Revenue Taxes	1,515,214.60	1,038,768.84	822,505.53	19,084,988.25	18,732,634.20	18,578,657.05
<b>* OPERATING MARGIN *</b>	<b>5,947,994.89</b>	<b>4,827,606.07</b>	<b>4,336,993.49</b>	<b>80,823,115.05</b>	<b>80,565,627.98</b>	<b>80,817,156.68</b>
<b>PRODUCTION EXPENSES</b>						
813 Other Gas Supply Expenses	8,414.48	9,528.19	8,423.93	100,764.48	110,292.67	118,716.60
<b>DISTRIBUTION EXPENSES</b>						
<b>Operation</b>						
870 Oper., Supervision & Engineering	45,695.92	48,628.81	47,712.52	592,155.21	617,874.37	622,894.23
871 Distribution Load Dispatching	38,085.34	41,400.40	46,458.91	386,820.38	393,049.31	407,331.10
872 Compressor Station	5,907.54	5,044.20	4,358.84	62,637.11	63,428.80	63,508.50
874 Mains & Services Exp.	240,799.52	244,441.60	183,688.78	2,733,342.54	2,781,109.40	2,743,441.82
875 Meas. & Reg. Stat. Exp.-Gen.	30,475.21	37,380.57	51,023.73	442,839.80	440,079.04	462,485.85
876 Meas. & Reg. Stat. Exp.-Ind.	7,771.50	14,746.98	10,482.75	185,910.20	191,376.44	192,883.17
878 Meter & House Regulator Exp.	69,471.52	84,649.28	91,846.74	988,681.16	994,342.83	1,011,938.41
879 Customer Installations Exp.	92,964.82	90,691.44	88,480.46	1,103,619.82	1,117,065.07	1,122,550.77
880 Other Exp.	240,322.19	239,313.01	265,722.14	2,943,214.95	3,022,404.06	3,074,435.54
881 Rents	2,357.75	4,159.59	9,915.06	76,152.28	76,557.14	77,305.44
882 Transportation Exp.	-	-	-	-	-	-
<b>Subtotal Operations</b>	<b>773,851.31</b>	<b>810,455.88</b>	<b>799,689.93</b>	<b>9,515,373.45</b>	<b>9,697,286.46</b>	<b>9,778,774.83</b>
<b>Maintenance</b>						
885 Supervision & Engineering	-	-	-	945.10	945.10	945.10
886 Structures & Improvements	915.31	1,679.75	425.79	10,035.63	11,679.79	11,286.40
887 Mains	70,748.48	111,782.48	56,399.31	1,142,129.41	1,180,151.59	1,147,516.76
8880 Compressor Station	2,507.47	1,492.63	(400.97)	28,010.20	24,837.00	20,403.34
889 Meas. & Reg. Equip.-Gen.	48,636.32	27,529.15	29,856.98	452,847.79	446,701.77	453,426.12
890 Meas. & Reg. Equip.-Ind.	4,153.67	38,140.12	4,793.79	46,703.33	80,968.41	82,690.74
892 Services	57,849.73	78,443.44	86,551.15	673,421.33	678,893.18	700,121.64
893 Meters & House Regulators	75,591.16	74,175.76	75,394.42	726,003.41	748,490.98	777,543.67
894 Other Equipment	26,236.31	23,900.51	26,183.02	421,091.47	428,371.36	431,265.09
<b>Subtotal Maintenance</b>	<b>286,638.45</b>	<b>357,143.84</b>	<b>279,203.49</b>	<b>3,501,187.67</b>	<b>3,601,039.18</b>	<b>3,625,198.86</b>
<b>TOTAL DISTRIBUTION EXPENSES</b>	<b>1,060,489.76</b>	<b>1,167,599.72</b>	<b>1,078,893.42</b>	<b>13,016,561.12</b>	<b>13,298,325.64</b>	<b>13,403,973.69</b>
<b>CUSTOMER ACCOUNTS EXPENSES</b>						

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	April-12	May-12	June-12	May 1, 2011 THROUGH April 30, 2012	June 1, 2011 THROUGH May 31, 2012	July 1, 2011 THROUGH June 30, 2012
901 Supervision	4,492.02	6,133.20	10,224.78	47,838.96	48,917.37	53,903.55
902 Meter Reading Exp.	35,674.70	41,446.32	40,239.68	452,757.28	458,732.65	458,862.71
903 Cust. Records & Collection Exp.	294,989.82	320,005.20	277,766.38	3,328,405.43	3,405,147.26	3,438,169.98
904 Uncollectible Accounts	157,010.62	122,664.37	55,452.35	364,957.26	381,674.13	877,018.63
905 Misc. Exp.	4.00	(89.36)	39.71	116,492.34	116,402.97	116,221.20
<b>TOTAL CUSTOMER ACCOUNTS EXP.</b>	<b>492,171.16</b>	<b>490,159.73</b>	<b>383,722.90</b>	<b>4,310,451.27</b>	<b>4,410,874.38</b>	<b>4,944,176.07</b>
<b>CUSTOMER SERVICE AND INFORMATIONAL EXPENSES</b>						
907 Supervision	-	-	-	-	-	-
908 Cust. Assistance Exp.	66,666.67	66,666.67	66,666.66	802,150.10	802,150.11	802,150.11
909 Info. & Instr. Advertising Exp.	1,182.39	48.56	2,139.87	59,402.46	37,750.03	39,889.90
910 Misc. Cust. Serv. & Info. Exp.	-	-	-	-	-	-
<b>TOTAL CUST. SRVC. &amp; INFO. EXPENSES</b>	<b>67,849.06</b>	<b>66,715.23</b>	<b>68,806.53</b>	<b>861,552.56</b>	<b>839,900.14</b>	<b>842,040.01</b>
<b>SALES EXPENSES</b>						
911 Supervision	-	-	-	-	-	-
912 Demonstrating & Selling	-	-	-	-	-	-
913 Advertising	54.34	15,000.00	-	8,358.62	22,174.43	21,784.43
916 Misc. Sales Exp.	-	-	-	-	-	-
<b>TOTAL SALES EXPENSES</b>	<b>54.34</b>	<b>15,000.00</b>	<b>-</b>	<b>8,358.62</b>	<b>22,174.43</b>	<b>21,784.43</b>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>						
920 Admin. & General Salaries	409,239.31	448,594.18	398,252.06	5,097,678.05	5,129,230.48	5,056,695.57
921 Office Supplies & Exp.	419,793.51	273,330.97	312,999.29	4,171,579.36	4,106,974.83	4,082,642.97
923 Outside Services Employed	42,503.82	52,332.80	45,894.03	681,399.59	659,178.65	623,106.44
924 Property Insurance	4,587.44	4,587.44	4,587.44	44,796.10	46,624.45	48,452.80
925 Injuries & Damages	54,757.45	64,431.99	54,669.20	676,827.96	682,810.65	685,079.80
926 Employee Pensions & Benefits	460,149.98	691,740.79	420,815.48	4,299,800.68	4,520,591.77	4,811,557.25
928 Regulatory Commission Exp.	-	-	-	-	-	-
930.1 General Advertising Exp.	4,873.79	544.20	4,843.93	77,742.21	74,866.84	76,729.48
930.2 Misc. General Exp.	56,148.87	35,776.17	22,776.36	492,669.82	492,788.77	484,149.90
931 Rents	81,017.75	80,971.66	80,971.66	1,005,820.71	1,019,323.90	997,259.88
932 Maintenance of General Plant	689.71	1,188.59	270.50	26,524.70	26,252.88	23,284.51
	1,533,761.63	1,653,498.79	1,346,079.95	16,574,839.18	16,758,643.22	16,888,958.60
922 Capitalized Exp.	(32,449.26)	(28,524.89)	(29,445.50)	(347,276.70)	(351,396.83)	(351,718.54)
<b>TOTAL ADM. &amp; GEN. EXPENSES</b>	<b>1,501,312.37</b>	<b>1,624,973.90</b>	<b>1,316,634.45</b>	<b>16,227,562.48</b>	<b>16,407,246.39</b>	<b>16,537,240.06</b>
<b>TOTAL O&amp;M EXPENSES (Excluding Gas Cost and</b>	<b>3,130,291.17</b>	<b>3,373,976.77</b>	<b>2,856,481.23</b>	<b>34,525,250.53</b>	<b>35,088,813.65</b>	<b>35,867,930.86</b>
<b>DEPRECIATION AND AMORTIZATION</b>						
403 Depreciation Expense	1,240,064.70	1,241,531.32	1,242,166.33	15,101,244.87	15,073,911.28	15,046,661.56
Propane Air Plant	-	-	-	-	-	-
Telemetry	-	-	-	-	-	-
Meters & Regulators	-	-	-	-	-	-
Central Stores Warehouse	-	-	-	-	-	-
General Office	-	-	-	-	-	-
407.1 Amortization of Property Losses	-	-	-	-	-	-
<b>TOTAL DEPRECIATION AND AMORTIZATION</b>	<b>1,240,064.70</b>	<b>1,241,531.32</b>	<b>1,242,166.33</b>	<b>15,101,244.87</b>	<b>15,073,911.28</b>	<b>15,046,661.56</b>
407.3 Regulatory Debits	-	-	-	-	-	-
<b>TAXES OTHER THAN INCOME TAXES</b>						
408.1 Property, Payroll and Misc. Taxes	778,173.98	391,978.39	532,108.61	4,375,890.08	4,420,227.98	4,771,544.35
<b>INCOME TAXES - OPERATING</b>						
409.1 Federal Inc Taxes, Util Oper Inc	(391,504.00)	(759,765.00)	112,475.00	2,311,636.08	2,436,818.08	1,936,097.29
409.1 State Income Taxes, Util Oper Inc	-	-	-	-	-	-
410.1 Provision For Defer'd Fed Inc Tax	419,541.57	459,594.12	(150,906.13)	3,344,584.62	3,020,353.19	3,179,704.53
410.1 Provis'n For Defer'd State Inc Tax	-	-	-	-	-	-
411.1 Prov For Deferred Inc Tax - Credit	-	-	-	-	-	-
411.4 Investment Tax Credit Adjustments	(4,512.47)	(4,512.47)	(4,512.47)	(56,455.88)	(55,918.26)	(55,380.62)
<b>TOTAL INCOME TAXES - OPERATING</b>	<b>23,525.10</b>	<b>(304,683.35)</b>	<b>(42,943.60)</b>	<b>5,599,764.82</b>	<b>5,401,253.01</b>	<b>5,060,421.20</b>
<b>* TOTAL OPERATING EXPENSES *</b>	<b>5,172,054.95</b>	<b>4,702,803.13</b>	<b>4,587,812.57</b>	<b>59,602,150.30</b>	<b>59,984,205.92</b>	<b>60,746,557.97</b>
<b>* TOTAL OPERATING INCOME *</b>	<b>775,939.94</b>	<b>124,802.94</b>	<b>(250,819.08)</b>	<b>21,220,964.75</b>	<b>20,581,422.06</b>	<b>20,070,598.71</b>