UG-140828

CASCADE NATURAL GAS CORPORATION
A Subsidiary of MDU Resources Group, Inc.

8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
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May 8, 2014

2014 MAY -8 PM 4:23

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: WAC 480-90-275 Quarterly Statement of Operations Report

Dear Mr. King,

In accordance with WAC 480-90-275, enclosed is Cascade Natural Gas Corporation's quarterly Statement of Operations report for the quarter ending March 31, 2014.

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

Sincerely,

Michael Parvinen
Director, Regulatory Affairs

Attachments

CASCADE NATURAL GAS CORPORATION
Washington Statement of Operations
QUARTERLY STATISTICAL INFORMATION

THERM SALES

	Monthly			12 Months Ending		
	January 2014	February 2014	March 2014	January 2014	February 2014	March 2014
Residential	17,818,331	17,473,727	12,126,418	116,072,680	118,813,783	118,536,589
Commercial	15,602,834	12,932,818	9,072,808	87,929,644	89,691,150	89,765,151
Industrial Firm	1,390,372	1,430,555	1,316,970	12,999,599	13,127,841	13,207,221
Core Interruptible	558,326	523,743	460,577	4,581,249	4,636,003	4,645,972
Noncore	74,500,359	64,605,124	51,049,524	770,734,126	776,001,987	770,964,970
TOTAL WASHINGTON	109,870,222	96,965,967	74,026,297	992,317,298	1,002,270,764	997,119,903

	AVERAGE CUSTOMERS		
	January 2014	February 2014	March 2014
Residential	176,860	177,051	176,881
Commercial	25,186	25,228	25,162
Industrial Firm	397	399	403
Core Interruptible	12	12	12
Noncore	194	194	195
TOTAL WASHINGTON	202,649	202,884	202,653

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 1/31/2014

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	34,171,621	197,104,999
Transportation Revenue	1,776,008	19,624,703
Other Operating Revenue	131,415	1,376,224
	36,079,044	218,105,927
Less: Natural Gas & Production Costs	21,837,083	118,015,197
Revenue Taxes	3,254,289	18,248,534
OPERATING MARGIN	10,987,672	81,842,196
OPERATING EXPENSES		
Production	26,711	287,635
Distribution	1,332,714	16,042,870
Customer Accounts	452,779	4,800,418
Customer Service & Informational	82,958	1,110,640
Sales	289	6,198
Administrative & General	1,656,435	15,559,430
Depreciation & Amortization	1,380,101	16,153,932
Property, Payroll & Misc. Taxes	417,610	4,384,684
Federal Income Taxes	1,686,215	5,651,008
Total Operating Expenses	7,035,811	63,996,814
NET OPERATING INCOME	3,951,861	17,845,382
RATE BASE	234,510,724	226,962,638
RATE OF RETURN	1.69%	7.86%

SCHEDULE OF RATE BASE

Utility Plant In Service	598,209,078	587,035,549
Accumulated Depreciation	(304,953,369)	(301,106,066)
Net Utility Plant	293,255,709	285,929,483
Other:		
Contributions In Aid of Construction	-	-
Customer Advances for Construction	(3,392,383)	(3,385,713)
Accumulated Deferred Income Taxes	(65,765,622)	(65,765,622)
Deferred Debits	-	-
Subtotal	224,097,704	216,778,148
Working Capital	10,413,020	10,184,490
TOTAL RATE BASE	234,510,724	226,962,638

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 2/28/2014

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	31,344,251	206,118,505
Transportation Revenue	1,718,904	19,685,826
Other Operating Revenue	99,755	1,356,260
	33,162,911	227,160,591
Less: Natural Gas & Production Costs	19,980,059	125,103,000
Revenue Taxes	2,963,030	18,929,930
OPERATING MARGIN	10,219,821	83,127,661
OPERATING EXPENSES		
Production	19,332	288,390
Distribution	1,302,001	16,299,367
Customer Accounts	426,602	4,772,291
Customer Service & Informational	56,359	1,090,129
Sales	3,873	9,572
Administrative & General	1,511,023	15,621,936
Depreciation & Amortization	1,394,624	16,247,357
Property, Payroll & Misc. Taxes	394,915	4,385,740
Federal Income Taxes	1,529,505	5,981,861
Total Operating Expenses	6,638,234	64,696,643
NET OPERATING INCOME	3,581,587	18,431,018
RATE BASE	236,378,948	228,323,323
RATE OF RETURN	1.52%	8.07%

SCHEDULE OF RATE BASE

Utility Plant In Service	601,222,772	589,230,560
Accumulated Depreciation	(306,243,176)	(302,013,856)
Net Utility Plant	294,979,597	287,216,704
Other:		
Contributions In Aid of Construction	-	-
Customer Advances for Construction	(3,338,695)	(3,377,277)
Accumulated Deferred Income Taxes	(65,743,090)	(65,743,090)
Deferred Debits	-	-
Subtotal	225,897,812	218,096,337
Working Capital	10,481,136	10,226,986
TOTAL RATE BASE	236,378,948	228,323,323

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.

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Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 3/31/2014

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	22,730,242	210,082,276
Transportation Revenue	1,654,220	19,683,855
Other Operating Revenue	133,364	1,407,558
	24,517,826	231,173,688
Less: Natural Gas & Production Costs	14,176,495	128,518,445
Revenue Taxes	2,386,259	19,367,155
OPERATING MARGIN	7,955,073	83,288,088
OPERATING EXPENSES		
Production	24,764	292,142
Distribution	1,210,209	16,371,248
Customer Accounts	364,455	4,890,870
Customer Service & Informational	101,196	1,101,911
Sales	421	9,654
Administrative & General	1,477,179	15,900,462
Depreciation & Amortization	1,390,413	16,333,577
Property, Payroll & Misc. Taxes	382,301	4,362,203
Federal Income Taxes	757,230	5,781,848
Total Operating Expenses	5,708,166	65,043,915
NET OPERATING INCOME	2,246,907	18,244,173
RATE BASE	235,652,522	229,591,681
RATE OF RETURN	0.95%	7.95%

SCHEDULE OF RATE BASE

Utility Plant In Service	601,784,033	591,341,127
Accumulated Depreciation	(307,533,409)	(302,924,914)
Net Utility Plant	294,250,625	288,416,213
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,327,029)	(3,370,823)
Accumulated Deferred Income Taxes	(65,719,986)	(65,719,986)
Deferred Debits	-	-
Subtotal	225,203,610	219,325,404
Working Capital	10,448,912	10,266,277
TOTAL RATE BASE	235,652,522	229,591,681

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: 3/31/2014

STATE ALLOCATION OF INCOME & EXPENSES		Month Ended			12 MONTH Ended		
		January-14	February-14	March-14	December 1, 2013 Through January 31, 2014	January 1, 2013 Through February 28, 2014	February 1, 2013 Through March 31, 2014
GAS SALES							
480	Residential Sales	17,979,977.50	17,581,666.15	12,562,864.93	109,502,887.19	114,614,898.49	116,557,767.40
481	Commercial - Interruptible Sales	16,191,643.61	13,762,584.78	10,167,377.56	87,602,112.00	91,503,606.57	93,524,508.21
TOTAL GAS SALES		34,171,621.11	31,344,250.93	22,730,242.49	197,104,999.19	206,118,505.06	210,082,275.61
OTHER OPERATING REVENUE							
4880	Miscellaneous Service Revenues	117,571.61	91,918.28	104,353.35	1,132,114.67	1,131,782.95	1,170,552.42
4890	Rev. From Transp. of Gas of Others	1,776,008.01	1,718,904.27	1,654,220.08	19,624,703.30	19,685,826.07	19,683,855.00
4930	Rent From Gas Property	-			1,150.90	1,150.90	1,150.90
4940	Interdepartmental Rents	6,199.07	6,398.92	6,299.00	75,908.06	70,935.16	71,548.25
4950	Other Gas Revenue	7,644.16	1,438.21	22,711.51	167,050.64	152,390.93	164,306.14
495.1	Overrun Penalty Income	-	-	-	-	-	
TOTAL OTHER OPERATING REVENUE		1,907,422.85	1,818,659.68	1,787,583.94	21,000,927.57	21,042,086.01	21,091,412.71
*** TOTAL OPERATING REVENUE ***		36,079,043.96	33,162,910.61	24,517,826.43	218,105,926.76	227,160,591.07	231,173,688.32
NATURAL GAS PURCHASED							
804	Natural Gas City Gate Purchases	19,007,810.85	17,310,302.77	15,190,660.54	136,714,258.28	140,078,758.62	142,425,573.22
805	Other Gas Purchases	-	-		-	-	
805.1	Purchased Gas Cost Adjustments	2,328,693.44	322,589.67	(1,920,762.33)	(17,927,755.31)	(16,370,519.83)	(16,385,007.62)
808.1	Gas Withdrawn From Storage	682,690.12	2,448,611.24	912,402.80	3,190,796.66	5,450,941.04	6,019,063.86
808.2	Gas Delivered To Storage	(171,471.71)	(92,082.37)		(3,915,560.45)	(4,007,642.82)	(3,492,291.37)
812	Gas Used For Other Utility Oper.	(10,640.20)	(9,362.28)	(5,806.18)	(46,542.55)	(48,537.37)	(48,893.08)
TOTAL NATURAL GAS PURCHASED		21,837,082.50	19,980,059.03	14,176,494.83	118,015,196.63	125,102,999.64	128,518,445.01
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 EXPENSE		-	-	-	-	-	-
408.5	Revenue Taxes	3,254,289.25	2,963,030.13	2,386,258.76	18,248,534.14	18,929,930.00	19,367,155.06
*** OPERATING MARGIN ***		10,987,672.21	10,219,821.45	7,955,072.84	81,842,195.99	83,127,661.43	83,288,088.25
PRODUCTION EXPENSES							
813	Other Gas Supply Expenses	26,711.36	19,331.94	24,764.16	287,634.75	288,389.80	292,142.47
DISTRIBUTION EXPENSES							
Operation							
870	Oper.,Supervision & Engineering	111,868.93	98,323.51	101,428.36	1,351,634.78	1,379,024.85	1,406,304.29
871	Distribution Load Dispatching	56,805.06	51,112.35	60,567.47	415,592.94	441,817.43	476,170.07
872	Compressor Station	1,633.90	10,153.63	8,165.90	109,907.67	114,406.75	115,921.43
874	Mains & Services Exp.	257,331.47	193,794.69	217,961.87	3,327,736.07	3,337,427.27	3,328,889.89
875	Meas. & Reg. Stat. Exp.-Gen.	47,668.74	64,882.59	60,396.92	583,843.09	606,930.49	614,589.32
876	Meas. & Reg. Stat. Exp.-Ind.	10,729.64	20,264.08	(18,899.90)	140,951.91	149,326.47	118,363.85
878	Meter & House Regulator Exp.	99,824.70	102,800.61	109,420.01	1,352,928.63	1,345,433.53	1,349,033.18
879	Customer Installations Exp.	86,214.73	69,664.57	71,113.57	916,099.12	908,656.15	905,636.47
880	Other Exp.	315,460.03	326,256.28	324,825.43	3,415,468.36	3,497,365.19	3,571,106.57
881	Rents	14,311.43	2,787.51	2,106.05	98,890.84	99,046.85	91,335.44
882	Transportation Exp.	-	-	-	-	-	-
	Subtotal Operations	1,001,848.63	940,039.82	937,085.68	11,713,053.41	11,879,434.98	11,977,350.51
Maintenance							
885	Supervision & Engineering	19,954.78	16,950.83	17,510.51	266,858.11	271,332.12	276,843.65
886	Structures & Improvements	151.11	101.64	920.15	18,756.70	16,995.16	17,213.63
887	Mains	71,170.26	53,724.49	66,028.67	1,383,514.87	1,335,849.40	1,294,446.10
8880	Compressor Station	610.47	967.56	532.91	8,981.71	9,384.33	9,187.52
889	Meas. & Reg. Equip.-Gen.	17,744.45	22,029.90	16,177.73	375,481.87	384,428.68	379,474.87
890	Meas. & Reg. Equip.-Ind.	8,079.42	1,293.39	1,016.01	33,049.22	29,742.85	29,803.50
892	Services	131,458.93	113,765.24	93,130.91	1,174,834.68	1,234,273.54	1,246,398.40
893	Meters & House Regulators	74,056.09	69,898.39	73,467.65	953,564.15	945,694.90	949,741.12
894	Other Equipment	7,640.08	83,230.00	4,338.58	114,775.60	192,230.81	190,789.13
	Subtotal Maintenance	330,865.59	361,961.44	273,123.12	4,329,816.91	4,419,931.79	4,393,897.92
TOTAL DISTRIBUTION EXPENSES		1,332,714.22	1,302,001.26	1,210,208.80	16,042,870.32	16,299,366.77	16,371,248.43
CUSTOMER ACCOUNTS EXPENSES							

Cascade Natural Gas Corporation
Washington Statement of Operations
Quarter Ending: 3/31/2014

STATE ALLOCATION OF INCOME & EXPENSES		Month Ended			12 MONTH Ended		
		January-14	February-14	March-14	December 1, 2013 Through January 31, 2014	January 1, 2013 Through February 28, 2014	February 1, 2013 Through March 31, 2014
901	Supervision	-	-	-	18,523.35	18,523.35	18,523.35
902	Meter Reading Exp.	47,502.48	32,952.66	33,594.27	501,577.23	488,199.93	491,523.06
903	Cust. Records & Collection Exp.	294,711.10	265,287.53	289,915.97	3,449,077.48	3,468,262.28	3,537,031.18
904	Uncollectible Accounts	110,565.49	128,362.19	40,944.26	824,285.68	790,504.94	836,991.12
905	Misc. Exp.	-	-	-	6,953.78	6,800.88	6,800.88
TOTAL CUSTOMER ACCOUNTS EXP.		452,779.07	426,602.38	364,454.50	4,800,417.52	4,772,291.38	4,890,869.59
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES							
907	Supervision	-	-	-	-	-	-
908	Cust. Assistance Exp.	79,195.02	55,652.32	99,953.13	1,088,716.45	1,067,499.96	1,078,039.35
909	Info. & Instr. Advertising Exp.	3,762.52	706.28	1,242.73	21,923.08	22,629.36	23,872.09
910	Misc. Cust. Serv. & Info. Exp.	-	-	-	-	-	-
TOTAL CUST. SRVC. & INFO. EXPENSES		82,957.54	56,358.60	101,195.86	1,110,639.53	1,090,129.32	1,101,911.44
SALES EXPENSES							
911	Supervision	-	-	-	-	-	-
912	Demonstrating & Selling	-	-	-	-	-	-
913	Advertising	289.00	3,873.45	420.64	6,198.16	9,571.61	9,654.01
916	Misc. Sales Exp.	-	-	-	-	-	-
TOTAL SALES EXPENSES		289.00	3,873.45	420.64	6,198.16	9,571.61	9,654.01
ADMINISTRATIVE AND GENERAL EXPENSES							
920	Admin. & General Salaries	444,650.08	595,123.13	350,807.51	4,789,695.94	5,019,353.90	4,995,431.63
921	Office Supplies & Exp.	432,225.71	329,624.38	437,187.23	3,911,899.16	3,925,394.83	4,049,064.25
923	Outside Services Employed	18,874.28	48,288.89	51,724.54	548,456.09	549,478.00	548,723.22
924	Property Insurance	4,893.53	3,768.99	4,331.26	58,996.28	57,830.97	57,227.93
925	Injuries & Damages	75,907.58	74,659.68	90,929.40	914,472.68	910,479.67	929,766.22
926	Employee Pensions & Benefits	584,462.14	293,449.45	434,237.51	4,107,129.54	3,966,476.35	4,142,270.56
928	Regulatory Commission Exp.	-	-	-	-	-	-
930.1	General Advertising Exp.	12,963.68	2,321.81	828.96	92,378.33	63,222.90	53,208.63
930.2	Misc. General Exp.	34,116.23	121,925.25	67,231.90	522,498.59	514,378.56	517,007.31
931	Rents	77,155.78	76,484.01	76,794.56	933,278.11	932,182.69	931,438.64
932	Maintenance of General Plant	1,589.93	761.74	2,734.94	77,699.64	79,009.20	78,986.43
		1,686,838.94	1,546,407.33	1,516,807.81	15,956,504.36	16,017,807.07	16,303,124.82
922	Capitalized Exp.	(30,403.86)	(35,384.57)	(39,629.02)	(397,074.73)	(395,870.60)	(402,663.18)
TOTAL ADM. & GEN. EXPENSES		1,656,435.08	1,511,022.76	1,477,178.79	15,559,429.63	15,621,936.47	15,900,461.64
TOTAL O&M EXPENSES (Excluding Gas Cost and		3,551,886.27	3,319,190.39	3,178,222.75	37,807,189.91	38,081,685.35	38,566,287.58
DEPRECIATION AND AMORTIZATION							
403	Depreciation Expense	1,380,100.60	1,394,624.15	1,390,412.59	16,153,932.23	16,247,357.20	16,333,576.91
	Propane Air Plant	-	-	-	-	-	-
	Telemetry	-	-	-	-	-	-
	Meters & Regulators	-	-	-	-	-	-
	Central Stores Warehouse	-	-	-	-	-	-
	General Office	-	-	-	-	-	-
407.1	Amortization of Property Losses	-	-	-	-	-	-
TOTAL DEPRECIATION AND AMORTIZATION		1,380,100.60	1,394,624.15	1,390,412.59	16,153,932.23	16,247,357.20	16,333,576.91
407.3	Regulatory Debits	-	-	-	-	-	-
TAXES OTHER THAN INCOME TAXES							
408.1	Property, Payroll and Misc. Taxes	417,609.65	394,914.89	382,301.47	4,384,683.70	4,385,739.50	4,362,202.70
INCOME TAXES - OPERATING							
409.1	Federal Inc Taxes, Util Oper Inc	1,733,085.06	1,586,259.90	669,210.54	(303,999.64)	378,067.26	331,642.80
409.1	State Income Taxes, Util Oper Inc	-	-	-	-	-	-
410.1	Provision For Defer'd Fed Inc Tax	(43,340.85)	(53,225.59)	91,548.52	6,003,344.32	5,652,065.32	5,498,410.54
410.1	Provis'n For Defer'd State Inc Tax	-	-	-	-	-	-
411.1	Prov For Deferred Inc Tax - Credit	-	-	-	-	-	-
411.4	Investment Tax Credit Adjustments	(3,529.56)	(3,529.55)	(3,529.56)	(48,336.96)	(48,271.25)	(48,205.55)
TOTAL INCOME TAXES - OPERATING		1,686,214.65	1,529,504.76	757,229.50	5,651,007.72	5,981,861.33	5,781,847.79
* TOTAL OPERATING EXPENSES *		7,035,811.17	6,638,234.19	5,708,166.31	63,996,813.56	64,696,643.38	65,043,914.98
* TOTAL OPERATING INCOME *		3,951,861.04	3,581,587.26	2,246,906.53	17,845,382.43	18,431,018.05	18,244,173.27