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November 5, 2014

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 September 30, 2014.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Parvinen", with a long horizontal flourish extending to the right.

Michael Parvinen
Director, Regulatory Affairs

Attachments

CASCADE NATURAL GAS CORPORATION
Washington Statement of Operations
QUARTERLY STATISTICAL INFORMATION

THERM SALES

	Monthly			12 Months Ending		
	July 2014	August 2014	September 2014	July 2014	August 2014	September 2014
Residential	4,169,522	2,565,994	3,437,497	118,884,383	118,148,012	118,204,730
Commercial	4,109,372	2,933,145	3,599,373	88,796,369	88,169,164	88,225,974
Industrial Firm	589,225	469,407	633,602	14,296,164	14,311,934	14,439,892
Core Interruptible	239,824	220,229	263,729	4,651,598	4,673,761	4,660,682
Noncore	60,549,142	76,896,348	75,929,244	755,431,470	755,668,592	762,526,748
TOTAL WASHINGTON	69,657,085	83,085,123	83,863,445	982,059,984	980,971,463	988,058,026

	AVERAGE CUSTOMERS		
	July 2014	August 2014	September 2014
Residential	175,246	175,175	175,663
Commercial	24,826	24,794	24,803
Industrial Firm	417	420	421
Core Interruptible	13	13	13
Noncore	195	195	196
TOTAL WASHINGTON	200,697	200,597	201,096

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 7/31/2014

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	9,390,692	217,021,921
Transportation Revenue	1,628,760	20,249,033
Other Operating Revenue	88,705	1,372,133
	11,108,157	238,643,088
Less: Natural Gas & Production Costs	5,617,996	134,657,795
Revenue Taxes	803,414	19,903,243
OPERATING MARGIN	4,686,747	84,082,050
OPERATING EXPENSES		
Production	24,723	302,057
Distribution	1,557,859	16,732,550
Customer Accounts	493,176	4,968,747
Customer Service & Informational	82,869	1,095,046
Sales	(17)	8,127
Administrative & General	1,606,331	16,265,663
Depreciation & Amortization	1,402,657	16,634,269
Property, Payroll & Misc. Taxes	366,707	4,419,173
Federal Income Taxes	(473,833)	5,492,870
Total Operating Expenses	5,060,473	65,918,502
NET OPERATING INCOME	(373,726)	18,163,548
RATE BASE	235,296,829	233,797,025
RATE OF RETURN	-0.16%	7.77%

SCHEDULE OF RATE BASE

Utility Plant In Service	606,427,232	599,081,140
Accumulated Depreciation	(312,678,972)	(306,683,509)
Net Utility Plant	293,748,260	292,397,631
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,257,467)	(3,367,604)
Accumulated Deferred Income Taxes	(65,627,105)	(65,627,105)
Deferred Debits	-	-
Subtotal	224,863,688	223,402,922
Working Capital	10,433,141	10,394,103
TOTAL RATE BASE	235,296,829	233,797,025

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 8/31/2014

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	6,693,972	217,070,332
Transportation Revenue	1,709,471	20,276,542
Other Operating Revenue	89,585	1,341,845
	<u>8,493,028</u>	<u>238,688,719</u>
Less: Natural Gas & Production Costs	3,813,192	134,981,422
Revenue Taxes	631,449	19,927,569
OPERATING MARGIN	<u>4,048,387</u>	<u>83,779,728</u>
OPERATING EXPENSES		
Production	21,021	300,149
Distribution	1,284,155	16,593,726
Customer Accounts	540,351	5,100,992
Customer Service & Informational	69,127	1,086,365
Sales	250	7,900
Administrative & General	1,430,475	16,251,525
Depreciation & Amortization	1,413,203	16,696,209
Property, Payroll & Misc. Taxes	348,502	4,424,018
Federal Income Taxes	(546,063)	5,382,176
Total Operating Expenses	<u>4,561,022</u>	<u>65,843,062</u>
NET OPERATING INCOME	<u>(512,635)</u>	<u>17,936,666</u>
RATE BASE	<u>235,402,042</u>	<u>234,405,142</u>
RATE OF RETURN	<u>-0.22%</u>	<u>7.65%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	607,750,437	600,624,204
Accumulated Depreciation	(314,015,900)	(307,674,590)
Net Utility Plant	<u>293,734,538</u>	<u>292,949,614</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,166,205)	(3,349,084)
Accumulated Deferred Income Taxes	(65,604,098)	(65,604,098)
Deferred Debits	-	-
Subtotal	<u>224,964,235</u>	<u>223,996,432</u>
Working Capital	<u>10,437,807</u>	<u>10,408,710</u>
TOTAL RATE BASE	<u>235,402,042</u>	<u>234,405,142</u>

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Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 9/30/2014

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	8,271,092	218,605,773
Transportation Revenue	1,401,399	19,977,984
Other Operating Revenue	81,723	1,329,050
	<u>9,754,213</u>	<u>239,912,807</u>
Less: Natural Gas & Production Costs	4,890,917	136,295,820
Revenue Taxes	714,783	20,033,095
OPERATING MARGIN	<u>4,148,513</u>	<u>83,583,891</u>
OPERATING EXPENSES		
Production	38,117	314,638
Distribution	1,362,888	16,619,053
Customer Accounts	480,262	5,314,876
Customer Service & Informational	73,877	1,086,166
Sales	281	7,481
Administrative & General	1,343,110	16,695,826
Depreciation & Amortization	1,422,309	16,776,242
Property, Payroll & Misc. Taxes	349,415	4,436,633
Federal Income Taxes	(487,776)	5,062,960
Total Operating Expenses	<u>4,582,483</u>	<u>66,313,874</u>
NET OPERATING INCOME	<u>(433,970)</u>	<u>17,270,017</u>
RATE BASE	<u>235,388,370</u>	<u>233,774,974</u>
RATE OF RETURN	<u>-0.18%</u>	<u>7.39%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	609,663,447	602,054,143
Accumulated Depreciation	(314,879,384)	(308,649,995)
Net Utility Plant	<u>294,784,063</u>	<u>293,404,148</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,139,466)	(3,331,912)
Accumulated Deferred Income Taxes	(66,718,649)	(66,718,649)
Deferred Debits	-	-
Subtotal	<u>224,925,948</u>	<u>223,353,587</u>
Working Capital	10,462,422	10,421,387
TOTAL RATE BASE	<u>235,388,370</u>	<u>233,774,974</u>

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Cascade Natural Gas Corporation
Washington Statement of Operations
Quarter Ending: 9/30/2014

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	July-14	August-14	September-14	June 1, 2013 Through July 31, 2014	July 1, 2013 Through August 31, 2014	August 1, 2013 Through September 30, 2014
GAS SALES						
480 Residential Sales	4,703,502.60	3,200,989.59	4,007,426.14	120,097,847.15	119,982,678.96	120,624,781.34
481 Commercial - Interruptible Sales	4,687,189.66	3,492,982.56	4,263,665.61	96,924,074.26	97,087,653.04	97,980,992.02
TOTAL GAS SALES	9,390,692.26	6,693,972.15	8,271,091.75	217,021,921.41	217,070,332.00	218,605,773.36
OTHER OPERATING REVENUE						
4880 Miscellaneous Service Revenues	62,064.29	66,165.68	66,039.58	1,113,386.20	1,090,792.07	1,092,837.56
4890 Rev. From Transp. of Gas of Others	1,628,759.57	1,709,471.04	1,401,398.64	20,249,033.34	20,276,541.71	19,977,983.62
4930 Rent From Gas Property	-	-	-	500.00	500.00	100.00
4940 Interdepartmental Rents	6,299.00	6,299.00	6,299.00	74,000.61	74,613.70	75,226.79
4950 Other Gas Revenue	20,342.03	17,120.32	9,384.08	184,246.46	175,939.43	160,885.55
495.1 Overrun Penalty Income	-	-	-	-	-	-
TOTAL OTHER OPERATING REVENUE	1,717,464.89	1,799,056.04	1,483,121.30	21,621,166.61	21,618,386.91	21,307,033.52
* TOTAL OPERATING REVENUE *	11,108,157.15	8,493,028.19	9,754,213.05	238,643,088.02	238,688,718.91	239,912,806.88
NATURAL GAS PURCHASED						
804 Natural Gas City Gate Purchases	8,439,845.12	6,425,628.34	7,582,266.89	143,960,427.76	143,968,542.09	144,973,398.24
805 Other Gas Purchases	-	-	-	-	-	-
805.1 Purchased Gas Cost Adjustments	(2,348,465.62)	(2,229,459.69)	(2,265,823.13)	(10,923,918.55)	(10,686,292.53)	(10,004,349.73)
808.1 Gas Withdrawn From Storage	-	-	-	5,481,069.40	5,438,739.83	5,397,299.15
808.2 Gas Delivered To Storage	(472,832.67)	(382,713.60)	(425,207.56)	(3,810,092.88)	(3,689,878.31)	(4,020,708.12)
812 Gas Used For Other Utility Oper.	(551.22)	(262.90)	(319.57)	(49,690.67)	(49,688.95)	(49,819.46)
TOTAL NATURAL GAS PURCHASED	5,617,995.61	3,813,192.15	4,890,916.63	134,657,795.06	134,981,422.13	136,295,820.08
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	803,414.18	631,449.08	714,783.30	19,903,242.97	19,927,568.99	20,033,095.45
* OPERATING MARGIN *	4,686,747.36	4,048,386.96	4,148,513.12	84,082,049.99	83,779,727.79	83,583,891.35
PRODUCTION EXPENSES						
813 Other Gas Supply Expenses	24,722.76	21,021.02	38,117.20	302,057.32	300,149.13	314,638.30
DISTRIBUTION EXPENSES						
Operation						
870 Oper., Supervision & Engineering	95,730.38	91,685.33	97,959.79	1,456,150.95	1,382,255.76	1,389,894.57
871 Distribution Load Dispatching	38,356.25	36,922.39	41,170.63	595,908.21	614,088.53	620,403.83
872 Compressor Station	8,928.19	3,761.97	4,613.42	116,443.02	111,037.01	108,635.04
874 Mains & Services Exp.	339,333.07	235,902.19	258,224.14	3,348,330.55	3,199,936.58	3,203,166.23
875 Meas. & Reg. Stat. Exp.-Gen.	56,793.70	62,071.47	60,537.66	631,714.74	652,145.32	662,631.66
876 Meas. & Reg. Stat. Exp.-Ind.	9,130.02	2,124.92	13,779.99	110,415.20	104,336.31	97,817.03
878 Meter & House Regulator Exp.	109,838.99	96,253.54	105,337.18	1,329,506.80	1,311,603.18	1,297,627.29
879 Customer Installations Exp.	71,110.92	64,018.84	79,648.07	928,664.64	926,631.74	932,203.94
880 Other Exp.	310,967.89	262,563.73	312,099.81	3,620,822.21	3,643,380.40	3,656,968.51
881 Rents	4,756.99	7,835.86	-	76,430.23	75,867.41	70,441.67
882 Transportation Exp.	-	-	-	-	-	-
Subtotal Operations	1,044,946.40	863,140.24	973,370.69	12,214,386.55	12,021,282.24	12,039,789.77
Maintenance						
885 Supervision & Engineering	11,643.08	10,663.82	10,620.32	287,780.58	284,874.14	262,199.86
886 Structures & Improvements	46,692.61	12,544.92	93.28	90,317.80	102,629.52	102,722.80
887 Mains	141,993.50	131,564.54	144,752.77	1,230,643.22	1,227,835.11	1,258,904.48
8880 Compressor Station	2,049.35	3,013.87	2,297.33	8,168.91	13,631.25	15,633.60
889 Meas. & Reg. Equip.-Gen.	80,960.74	26,458.94	19,903.29	362,107.51	345,328.57	336,198.54
890 Meas. & Reg. Equip.-Ind.	4,637.16	3,586.91	954.54	38,368.44	40,191.44	36,484.99
892 Services	118,528.76	141,340.65	94,819.48	1,336,629.01	1,390,901.72	1,371,693.98
893 Meters & House Regulators	93,791.48	83,030.96	102,741.04	963,642.71	964,629.59	990,959.03
894 Other Equipment	12,616.28	8,810.10	13,335.13	200,505.08	202,422.84	204,466.16
Subtotal Maintenance	512,912.96	421,014.71	389,517.18	4,518,163.26	4,572,444.18	4,579,263.44
TOTAL DISTRIBUTION EXPENSES	1,557,859.36	1,284,154.95	1,362,887.87	16,732,549.81	16,593,726.42	16,619,053.21
CUSTOMER ACCOUNTS EXPENSES						

Cascade Natural Gas Corporation
Washington Statement of Operations
Quarter Ending: 9/30/2014

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	July-14	August-14	September-14	June 1, 2013 Through July 31, 2014	July 1, 2013 Through August 31, 2014	August 1, 2013 Through September 30, 2014
901 Supervision	-	-	-	18,523.35	18,523.35	18,523.35
902 Meter Reading Exp.	57,563.82	40,904.16	37,850.82	473,846.19	481,077.32	468,562.04
903 Cust. Records & Collection Exp.	330,696.19	281,462.94	270,945.24	3,675,354.30	3,657,757.40	3,656,241.88
904 Uncollectible Accounts	104,916.02	217,983.73	171,466.32	794,600.48	937,211.68	1,165,125.67
905 Misc. Exp.	-	-	-	6,422.71	6,422.71	6,422.71
TOTAL CUSTOMER ACCOUNTS EXP.	493,176.03	540,350.83	480,262.38	4,968,747.03	5,100,992.46	5,314,875.65
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES						
907 Supervision	-	-	-	-	-	-
908 Cust. Assistance Exp.	79,124.45	68,132.21	71,022.35	1,070,375.21	1,062,292.35	1,061,341.00
909 Info. & Instr. Advertising Exp.	3,745.00	994.91	2,854.76	24,401.85	23,803.03	24,555.29
910 Misc. Cust. Serv. & Info. Exp.	-	-	-	269.26	269.26	269.26
TOTAL CUST. SRVC. & INFO. EXPENSES	82,869.45	69,127.12	73,877.11	1,095,046.32	1,086,364.64	1,086,165.55
SALES EXPENSES						
911 Supervision	-	-	-	-	-	-
912 Demonstrating & Selling	-	-	-	-	-	-
913 Advertising	(16.70)	250.00	280.71	8,126.70	7,900.35	7,481.07
916 Misc. Sales Exp.	-	-	-	-	-	-
TOTAL SALES EXPENSES	(16.70)	250.00	280.71	8,126.70	7,900.35	7,481.07
ADMINISTRATIVE AND GENERAL EXPENSES						
920 Admin. & General Salaries	437,699.23	503,026.02	483,964.29	4,922,587.95	5,018,412.43	5,231,159.80
921 Office Supplies & Exp.	355,887.25	402,324.26	259,269.76	4,173,642.94	4,292,053.96	4,277,489.64
923 Outside Services Employed	73,378.83	118,220.43	71,350.28	727,324.99	792,922.32	816,558.17
924 Property Insurance	4,331.26	4,331.26	4,331.26	54,829.14	54,239.49	53,649.84
925 Injuries & Damages	78,148.84	77,668.95	81,343.08	931,814.04	932,196.14	943,085.05
926 Employee Pensions & Benefits	565,123.48	246,018.97	413,909.20	4,307,089.04	4,039,820.77	4,312,880.13
928 Regulatory Commission Exp.	-	-	-	-	-	-
930.1 General Advertising Exp.	7,010.59	2,788.66	1,208.98	64,294.89	66,015.28	66,432.15
930.2 Misc. General Exp.	36,532.91	29,775.54	(24,674.26)	529,196.24	531,677.95	460,216.89
931 Rents	76,795.97	80,585.61	76,816.07	928,357.03	931,384.70	930,642.88
932 Maintenance of General Plant	702.31	935.96	639.42	46,034.89	19,845.96	19,386.56
	1,635,610.67	1,465,675.66	1,368,158.08	16,685,171.15	16,678,569.00	17,111,501.11
	(29,279.51)	(35,201.04)	(25,048.14)	(419,508.48)	(427,043.81)	(415,675.45)
TOTAL ADM. & GEN. EXPENSES	1,606,331.16	1,430,474.62	1,343,109.94	16,265,662.67	16,251,525.19	16,695,825.66
TOTAL O&M EXPENSES (Excluding Gas Cost and	3,764,942.06	3,345,378.54	3,298,535.21	39,372,189.85	39,340,658.19	40,038,039.44
DEPRECIATION AND AMORTIZATION						
403 Depreciation Expense	1,402,657.02	1,413,203.49	1,422,309.32	16,634,269.04	16,696,209.44	16,776,242.37
Propane Air Plant	-	-	-	-	-	-
Telemetry	-	-	-	-	-	-
Meters & Regulators	-	-	-	-	-	-
Central Stores Warehouse	-	-	-	-	-	-
General Office	-	-	-	-	-	-
407.1 Amortization of Property Losses	-	-	-	-	-	-
TOTAL DEPRECIATION AND AMORTIZATION	1,402,657.02	1,413,203.49	1,422,309.32	16,634,269.04	16,696,209.44	16,776,242.37
407.3 Regulatory Debits	-	-	-	-	-	-
TAXES OTHER THAN INCOME TAXES						
408.1 Property, Payroll and Misc. Taxes	366,707.25	348,502.24	349,415.20	4,419,172.97	4,424,018.19	4,436,632.75
INCOME TAXES - OPERATING						
409.1 Federal Inc Taxes, Util Oper Inc	(627,697.94)	(659,640.20)	(1,364,096.04)	38,238.10	62,150.86	839,463.28
409.1 State Income Taxes, Util Oper Inc	-	-	-	-	-	-
410.1 Provision For Defer'd Fed Inc Tax	157,393.66	117,106.98	879,739.68	5,502,574.49	5,367,902.03	4,271,203.95
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)	(3,420.05)	(47,942.74)	(47,877.03)	(47,707.55)
TOTAL INCOME TAXES - OPERATING	(473,833.24)	(546,062.77)	(487,776.41)	5,492,869.85	5,382,175.86	5,062,959.68
* TOTAL OPERATING EXPENSES *	5,060,473.09	4,561,021.50	4,582,483.32	65,918,501.71	65,843,061.68	66,313,874.24
* TOTAL OPERATING INCOME *	(373,725.73)	(512,634.54)	(433,970.20)	18,163,548.28	17,936,666.11	17,270,017.11