

**Cascade Natural Gas Corporation**  
**Depreciation Accrual Rate Study**  
**As of December 31, 2013**

**Depreciation Summary**

**AUS Consultants**  
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Cascade Natural Gas Corporation  
 Depreciation Study  
 As of December 31, 2013

Total System

Change In Depreciation Rates and Expenses

Account Number	Account Description	Plant Investment OC \$s	Reserved Investment \$s	Percent Reserved %	ALG Depreciation Rate % of OC /year	Present ALG Expense OC \$s /year	Average Life Depreciation Rate % of OC /year	Average Life Depreciation Expense OC \$s /year	Change In Average Life Depreciation Expense to Present Depreciation Expense /year		Average Remaining Life Depreciation Rate % of OC /year	Average Remaining Life Depreciation Expense OC \$s /year	Change In Average Remaining Life Depreciation Expense to Present Depreciation Expense OC \$s /year	
									OC \$s /year	(OC \$s /year)			OC \$s /year	(OC \$s /year)
385.2	Rights of Way	1,026,089.41	723,037.92	70.47%	1.38%	13,955	1.54%	15,802	1,847	1.58%	16,212	2,257		
367.1	Mains	15,804,273.68	8,718,327.35	61.49%	1.82%	303,442	1.85%	292,379	(11,063)	1.82%	287,538	(15,804)		
369.1	Meas. & Reg. Station Equip.	198,114.81	207,793.54	104.89%	2.44%	4,834	1.80%	3,566	(1,268)	0.41%	812	(4,022)		
	Total Transmission Plant	17,028,477.70	10,649,158.81	62.54%	1.89%	322,231	1.83%	311,747	(10,484)	1.79%	304,662	(17,569)		
<b>Distribution Plant</b>														
374.2	Land Rights	2,024,481.27	555,373.05	27.43%	1.66%	33,606	1.55%	31,379	(2,227)	1.88%	38,060	4,454		
375.1	Structures and Improvements	1,457,569.53	1,259,529.92	86.41%	2.19%	31,921	2.49%	36,293	4,372	1.67%	24,341	(7,580)		
375.2	Leasehold Improvements	1,219.38	583.91	48.25%	2.19%	27	2.62%	32	5	12.80%	156	129		
376.1	Mains	125,838,732.82	85,299,863.40	75.73%	2.58%	3,248,838	2.70%	3,387,646	151,007	2.83%	3,309,559	82,920		
376.2	Mains - High Pressure	125,140,041.31	36,642,755.44	29.28%	1.81%	2,265,035	1.58%	1,977,213	(287,822)	1.33%	1,864,363	(600,672)		
376.3	Mains - Polyethylene	110,360,599.79	28,989,235.89	24.46%	1.99%	2,196,176	3.88%	4,061,270	1,865,094	4.26%	4,734,470	2,538,294		
377.0	Compressor Station Equip.	2,000,730.58	1,147,762.55	57.37%	5.00%	100,037	2.98%	59,222	(40,815)	1.96%	39,614	(60,423)		
379.0	Meas. & Reg. Sta. - General	21,468,661.45	7,185,578.52	33.47%	2.92%	826,885	2.38%	506,860	(120,225)	2.11%	452,989	(173,896)		
380.1	Services	75,986,422.72	103,363,584.58	136.03%	4.95%	3,768,927	4.71%	3,578,981	(189,946)	4.17%	3,168,834	(600,293)		
380.3	Services - Polyethylene	113,038,770.04	39,549,157.71	34.98%	3.31%	3,742,245	3.86%	4,384,089	621,824	3.86%	4,386,680	644,435		
381.0	Meters	47,965,227.35	16,046,525.66	33.45%	1.86%	796,223	2.70%	1,295,081	498,858	2.27%	1,088,811	292,588		
382.0	Meter Installations	30,029,637.18	11,908,943.92	39.68%	2.87%	801,791	2.19%	657,849	(144,142)	1.86%	558,551	(243,240)		
383.0	Regulators	9,622,839.20	3,577,798.21	38.00%	1.71%	169,881	2.53%	251,048	81,367	2.44%	242,117	72,436		
385.0	Indf Meas. & Reg.Sta Equip	8,890,421.52	3,536,035.66	39.77%	3.49%	309,387	3.07%	272,936	(36,451)	2.54%	225,817	(63,570)		
388.0	Asset Retirement Obligation	48,962.23	38,781.84	81.27%	3.05%	1,493	3.05%	1,493	0	3.05%	1,493	0		
	Total Distribution Plant	674,145,354.14	347,062,678.60	51.48%	2.88%	18,088,580	3.04%	20,489,439	2,400,859	2.96%	19,934,162	1,845,582		
<b>General Plant</b>														
390.1	Structures & Improvements	17,480,753.53	10,720,054.94	61.32%	1.95%	340,875	2.70%	471,980	131,105	1.24%	218,761	(124,114)		
390.2	Leasehold Improvements	16,807.74	32,656.75	194.30%	1.95%	328	3.86%	649	321	-17.15%	(2,883)	(3,211)		
391.1	Computer System	82,213.41	86,364.54	93.88%	4.41%	4,067	8.79%	8,106	4,039	0.08%	74	(3,993)		
391.2	Computer Software	3,306,326.92	3,306,326.93	100.00%	0.00%	-	13.33%	440,733	440,733	0.00%	0	0		
391.3	Data Communication System	1,742,735.77	16,594.04	0.95%	10.34%	180,199	20.41%	355,682	175,483	38.10%	683,982	483,783		
391.4	Office Equipment	380,712.25	(240,421.23)	-61.53%	3.54%	13,831	8.85%	34,578	20,747	17.37%	67,867	54,036		
391.5	Office Furniture & Fixtures	1,623,532.38	(118,109.93)	-7.15%	2.23%	36,205	4.37%	70,948	34,743	4.98%	80,852	44,647		
392.1	Transportation Equipment - Trailers	478,106.72	223,385.02	46.92%	8.01%	38,136	4.13%	19,663	(18,473)	3.15%	14,997	(23,136)		
392.2	Transportation Equipment	11,218,708.60	3,815,355.63	34.01%	8.01%	898,619	8.33%	934,518	35,899	6.54%	733,704	(164,915)		
393.0	Stores Equipment	55,775.81	4,235.65	7.59%	2.85%	1,645	3.64%	2,030	385	5.34%	2,878	1,333		
394.1	Tools, Shop & Garage Equip.	5,872,068.01	1,650,157.63	28.09%	2.84%	168,759	3.41%	193,418	26,659	3.56%	201,928	35,167		
394.2	CNG Equipment	127,444.74	113,108.30	88.75%	2.84%	3,747	3.53%	4,499	752	1.84%	2,345	(1,402)		
395.0	Laboratory Equipment	138,043.16	58,802.83	42.45%	2.71%	3,741	3.98%	5,494	1,753	4.60%	6,350	2,609		
396.1	Power Operated Equipment - Trailers	484,441.42	177,186.26	36.15%	3.76%	17,463	3.89%	18,067	604	3.12%	14,491	(2,872)		
396.2	Power Operated Equipment	2,452,121.40	294,108.70	11.98%	3.76%	92,200	8.52%	208,821	116,721	5.63%	138,054	45,854		
397.1	Comm. Equip - Base Station	328,232.24	166,410.75	50.70%	3.41%	11,193	4.27%	14,016	2,823	4.01%	13,162	1,999		
397.2	Comm. Equip - Telemetering	3,489,558.63	3,443,100.58	98.87%	6.37%	222,285	5.29%	184,598	(37,687)	0.13%	4,536	(217,749)		
397.3	Comm. Equip - Telex & Tel.	799,129.01	227,099.01	28.42%	6.31%	50,425	8.55%	88,328	17,901	9.18%	73,380	22,935		
397.4	Comm. Equip - Mobile	615,451.64	(1,292.88)	-0.21%	3.44%	21,172	8.40%	51,898	30,526	9.37%	57,668	36,498		
398.0	Miscellaneous Equipment	38,981.19	(17,907.78)	-46.06%	3.09%	1,201	7.58%	2,947	1,746	10.51%	4,086	2,885		
	Total General Plant	50,529,044.57	23,959,026.02	47.42%	4.16%	2,104,091	6.12%	3,090,881	986,790	4.54%	2,294,310	190,218		
	<b>Total Depreciable</b>	<b>741,702,878.41</b>	<b>381,670,863.43</b>	<b>51.46%</b>	<b>2.77%</b>	<b>20,514,902</b>	<b>3.22%</b>	<b>23,862,067</b>	<b>3,377,165</b>	<b>3.04%</b>	<b>22,533,134</b>	<b>2,018,232</b>		
<b>Intangible Plant</b>														
303.0	Intangible Assets - Software	22,883,661.35	3,359,820.89	14.68%										
	Total Intangible Plant	22,883,661.35	3,359,820.89	14.68%										
<b>Non Depreciable</b>														
301.0	Organization	152,066.08	0.00	0.00%										
302.0	Franchise & Consents	211,824.79	211,824.79	100.00%										
365.1	Land and Land Rights	224,535.51	0.00	0.00%										
374.1	Land and Land Rights	485,153.81	0.00	0.00%										
389.0	Land and Land Rights	2,253,273.09	1,008,539.41	44.76%										
	Total Non Depreciable	3,326,853.18	1,220,364.20	36.68%										
	<b>Total System</b>	<b>767,913,390.92</b>	<b>386,251,048.62</b>	<b>0.88</b>										
Check Total		767,957,540.80	386,290,278.62											
	Difference	44,149.88	39,230.00											

Cascade Natural Gas Corporation  
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As of December 31, 2013

Total System

Proposed Depreciation Parameters and Rates

Account Number	Account Description	Plant Investment OC \$s	Reserved Investment \$s	Percent Reserved %	Survivor Curve	Projection Life years	Average Service Life years	Average Age years	Average Remaining Life years	Net Salvage % of OC	Average Life Depreciation Rate % of OC / year	Average Life Depreciation Expense OC \$s / year	Average Remaining Life Depreciation Rate % of OC / year	Average Remaining Life Depreciation Expense OC \$s / year
385.2	Rights of Way	1,028,089.41	723,057.92	70.47%	S5.0	65	65.1	48.5	18.7	0%	1.54%	15,802	1.58%	18,212
367.1	Mains	15,804,273.88	9,718,327.35	61.49%	S5.0	65	64.8	32.8	32.2	-20%	1.85%	292,379	1.82%	287,838
399.1	Mess. & Reg. Station Equip.	198,114.81	207,793.54	104.89%	R2.5	50	81.1	49.2	12.4	-10%	1.80%	3,588	0.41%	812
	Total Transmission Plant	17,028,477.70	10,849,158.81	62.54%							1.83%	311,747	1.79%	304,682
<b>Distribution Plant</b>														
374.2	Land Rights	2,024,481.27	555,373.05	27.43%	R2.0	60	64.7	28.6	38.7	0%	1.55%	31,379	1.88%	38,080
375.1	Structures and Improvements	1,457,569.53	1,259,529.92	86.41%	R4.0	40	42.1	32.7	11.1	-5%	2.49%	38,293	1.87%	24,341
375.2	Leasehold Improvements	1,219.38	583.81	48.25%	R2.0	28	38.1	33.5	4.2	0%	2.82%	32	12.80%	158
376.1	Mains	125,838,732.82	95,290,883.40	75.73%	R4.0	75	74.1	28.9	47.3	-100%	2.70%	3,397,646	2.83%	3,308,569
376.2	Mains - High Pressure	125,140,041.31	38,842,756.44	30.98%	R2.5	85	77.8	18.0	70.7	-23%	1.58%	1,977,213	1.33%	1,864,363
376.3	Mains - Polyethylene	110,980,599.79	28,989,235.89	26.09%	L3.0	38	35.3	12.0	24.6	-30%	3.88%	4,081,270	4.29%	4,734,470
377.0	Compressor Station Equip.	2,000,730.58	1,147,782.55	57.37%	R3.0	35	38.5	11.5	24	-5%	2.96%	59,222	1.89%	39,814
378.0	Mess. & Reg. Sta. - General	21,488,891.45	7,185,878.52	33.47%	L1.0	80	59.3	12.5	50.4	-40%	2.36%	508,660	2.11%	452,989
380.1	Services	78,988,422.72	103,389,544.58	130.90%	R5.0	58	55.2	25.5	29.7	-180%	4.71%	3,578,991	4.17%	3,188,834
380.3	Services - Polyethylene	113,058,770.04	38,540,167.71	34.09%	S4.0	35	33.7	10.4	24.5	-30%	3.98%	4,384,059	3.88%	4,386,990
381.0	Meters	47,985,227.35	18,048,525.86	37.61%	S2.0	42	37.0	14.1	29.3	0%	2.70%	1,295,081	2.27%	1,289,811
382.0	Meter Installations	30,029,837.18	11,908,943.82	39.66%	R3.0	55	52.4	15.6	40.4	-15%	2.19%	857,649	1.86%	558,551
383.0	Regulators	9,822,839.20	3,577,788.21	36.43%	R3.0	42	38.8	17.7	28.2	0%	2.51%	251,048	2.44%	242,117
385.0	Incl. Mess. & Reg. Sta. Equip.	8,890,421.52	3,538,035.86	39.77%	R2.0	38	35.8	12.3	27.8	-10%	3.07%	272,938	2.64%	225,817
388.0	Asset Retirement Obligation	48,952.23	39,791.84	81.27%	R2.0	38	30.0	21.1	20.7	0%	3.05%	1,493	3.05%	1,493
	Total Distribution Plant	874,145,354.14	347,082,678.90	39.70%							3.04%	20,489,439	2.90%	18,894,182
<b>General Plant</b>														
390.1	Structures & Improvements	17,480,753.53	10,720,054.94	61.39%	R3.0	45	37.0	13.9	31.3	0%	2.70%	471,980	1.24%	218,781
390.2	Leasehold Improvements	18,807.74	32,858.75	174.73%	S1.0	30	25.9	43.8	5.5	0%	3.86%	849	-17.15%	(2,883)
391.1	Computer System	92,213.41	86,384.54	93.68%	L1.0	8	10.7	6.5	4.3	8%	8.79%	8,108	0.08%	74
391.2	Computer Softwares	3,308,328.92	3,308,328.93	100.00%	L3.0	8	7.5	6.0	3.5	0%	13.33%	440,733	0.00%	
391.3	Data Communication System	1,742,738.77	16,584.04	0.95%	S8.0	7	4.9	5.0	2.6	0%	20.41%	355,882	38.10%	683,982
391.4	Office Equipment	30,712.25	(240,421.23)	-78.28%	R1.0	15	11.3	7.8	9.3	0%	8.85%	34,578	17.37%	67,867
391.5	Office Furniture & Fixtures	1,823,532.38	(116,109.83)	-6.37%	R1.0	25	22.9	4.4	21.5	0%	4.37%	70,948	4.98%	80,852
392.1	Transportation Equipment - Trailers	476,108.72	223,385.02	47.03%	L3.0	24	23.5	9.9	15.9	3%	4.13%	19,883	3.15%	14,997
392.2	Transportation Equipment	11,218,708.90	3,815,355.83	34.01%	L1.0	11	10.2	5.2	7.8	15%	8.33%	934,518	8.54%	733,704
393.0	Stores Equipment	56,776.81	4,335.95	7.64%	S8.0	33	27.5	15.7	17.3	0%	3.64%	2,030	5.34%	2,978
394.1	Tools, Shop & Garage Equip.	5,872,068.01	1,850,157.83	31.51%	S8.0	31	29.3	10.9	19.9	0%	3.41%	193,418	3.59%	201,928
394.2	CNG Equipment	127,444.74	113,108.30	88.75%	R4.0	31	28.3	28.3	8.1	0%	3.53%	4,489	1.84%	2,345
395.0	Laboratory Equipment	138,043.18	58,802.83	42.46%	R5.0	25	25.1	12.9	12.5	0%	3.98%	5,494	4.00%	8,350
396.1	Power Operated Equipment - Trailers	484,441.42	177,198.28	36.58%	L2.0	17	19.3	9.8	11.8	25%	3.89%	18,057	3.12%	14,491
396.2	Power Operated Equipment	2,452,121.40	294,108.70	11.89%	L1.5	15	8.8	8.4	11.2	25%	8.82%	208,921	5.83%	138,054
397.1	Comm. Equip - Base Station	328,232.24	188,410.75	57.40%	R2.0	20	23.4	15.5	12.3	0%	4.27%	14,016	4.01%	13,162
397.2	Comm. Equip - Telemetering	3,489,558.83	3,443,100.56	98.67%	L1.0	18	18.9	13.3	10.5	0%	5.29%	184,588	0.13%	4,538
397.3	Comm. Equip - Telex & Tel.	798,129.01	227,099.01	28.46%	L1.5	12	11.7	6.8	7.8	0%	8.56%	88,328	9.18%	73,380
397.4	Comm. Equip - Mobile	815,451.84	(1,292.88)	-0.16%	R5.0	12	11.9	1.5	10.7	0	8.00%	51,698	9.37%	57,888
398.0	Miscellaneous Equipment	38,891.19	(17,907.78)	-46.07%	R3.0	20	13.2	7.4	13.9	0%	7.58%	2,947	10.51%	4,088
	Total General Plant	50,529,944.57	23,859,026.02	47.22%							8.12%	3,090,881	4.54%	2,294,310
	<b>Total Depreciable</b>	<b>741,702,876.41</b>	<b>381,870,863.43</b>	<b>51.49%</b>							<b>3.22%</b>	<b>23,882,067</b>	<b>3.04%</b>	<b>22,533,134</b>
<b>Intangible Plant</b>														
303.0	Intangible Assets - Software	22,883,861.35	3,359,820.89	14.68%										
	Total Intangible Plant	22,883,861.35	3,359,820.89	14.68%										
<b>Non Depreciable</b>														
301.0	Organization	152,068.08	0.00	0.00%										
302.0	Franchise & Consents	211,824.87	211,824.79	100.00%										
305.1	Land and Land Rights	224,535.51	0.00	0.00%										
374.1	Land and Land Rights	485,153.81	0.00	0.00%										
389.0	Land and Land Rights	2,253,273.09	1,008,539.41	44.78%										
	Total Non Depreciable	3,326,853.16	1,220,364.20	36.68%										
	<b>Total System</b>	<b>767,913,390.92</b>	<b>388,251,048.62</b>	<b>0.88</b>										
Check Total		767,957,540.80	388,290,278.62											
	Difference	44,149.88	39,230.00											

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**Proposed Depreciation Parameters and Rates**

**Theoretical Reserve**

Account Number	Account Description	Plant Investment OC \$	Reserved Investment \$	Percent Reserved %	Survivor Curve	Projection Life years	Average Service Life years	Average Age years	Average Remaining Life years	Net Salvage % of OC	Theoretical Reserve % of OC	Theoretical Reserve \$
<b>Transmission Plant</b>												
365.2	Rights of Way	1,026,089.41	723,037.92	70.47%	S5.0	65	65.1	46.5	18.7	0%	71.27%	731,294
367.1	Mains	15,804,273.68	9,718,327.35	61.49%	S5.0	65	64.8	32.8	32.2	-20%	60.37%	9,541,040
369.1	Meas. & Reg. Station Equip.	198,114.61	207,793.54	104.89%	R2.5	50	61.1	49.2	12.4	-10%	87.68%	173,707
	<b>Total Transmission Plant</b>	<b>17,028,477.70</b>	<b>10,648,158.81</b>	<b>62.54%</b>							<b>61.34%</b>	<b>10,446,041</b>
<b>Distribution Plant</b>												
374.2	Land Rights	2,024,481.27	555,373.05	27.43%	R2.0	60	64.7	26.6	38.7	0%	40.19%	813,639
375.1	Structures and Improvements	1,457,569.53	1,258,529.92	86.41%	R4.0	40	42.1	32.7	11.1	-5%	77.32%	1,126,993
375.2	Leasehold Improvements	1,219.38	563.91	46.25%	R2.0	26	38.1	33.5	4.2	0%	88.98%	1,085
376.1	Mains	125,838,732.82	95,298,883.40	75.73%	R4.0	75	74.1	28.9	47.3	-100%	72.33%	81,019,155
376.2	Mains - High Pressure	125,140,041.31	36,642,755.44	29.28%	R2.5	85	77.8	16.0	70.7	-23%	11.22%	14,040,713
376.3	Mains - Polyethylene	110,360,599.79	26,989,235.89	24.46%	L3.0	36	35.3	12.0	24.6	-30%	39.41%	49,493,112
377.0	Compressor Station Equip.	2,000,730.58	1,147,762.55	57.37%	R3.0	35	35.5	11.5	24	-5%	34.01%	680,448
378.0	Meas. & Reg. Sta. - General	21,468,861.45	7,185,578.52	33.47%	L1.0	60	59.3	12.5	50.4	-40%	21.01%	4,510,566
380.1	Services	75,986,422.72	103,363,584.56	136.03%	R5.0	56	55.2	26.6	29.7	-160%	120.11%	91,267,292
380.3	Services - Polyethylene	113,058,770.04	39,549,157.71	34.98%	S4.0	35	33.7	10.4	24.5	-30%	35.48%	40,124,557
381.0	Meters	47,965,227.35	16,046,525.86	33.45%	S2.0	42	37.0	14.1	29.3	0%	20.81%	9,981,564
382.0	Meter Installations	30,029,637.18	11,908,943.92	39.66%	R3.0	55	52.4	15.6	40.4	-15%	26.34%	7,909,806
383.0	Regulators	9,822,839.20	3,577,768.21	36.06%	R3.0	42	39.6	17.7	25.2	0%	33.84%	3,357,889
385.0	Ind'l Meas. & Reg. Sta Equip	8,890,421.52	3,536,035.86	39.77%	R2.0	38	35.8	12.3	27.6	-10%	25.20%	2,240,386
388.0	Asset Retirement Obligation	48,962.23	39,791.84	81.27%	R2.0	38	30.0	21.1	20.7	0%	31.00%	15,178
	<b>Total Distribution Plant</b>	<b>674,145,354.14</b>	<b>347,062,678.60</b>	<b>51.48%</b>							<b>46.07%</b>	<b>310,567,205</b>
<b>General Plant</b>												
390.1	Structures & Improvements	17,480,753.53	10,720,054.94	61.32%	R3.0	45	37.0	13.9	31.3	0%	15.41%	2,683,784
390.2	Leasehold Improvements	16,807.74	32,656.75	194.30%	S1.0	30	25.9	43.8	5.5	0%	78.76%	13,238
391.1	Computer System	92,213.41	86,364.54	93.66%	L1.0	8	10.7	6.5	4.3	6%	56.22%	51,842
391.2	Computer Softwares	3,306,326.92	3,306,326.93	100.00%	L3.0	8	7.5	6.0	3.5	0%	53.33%	1,783,264
391.3	Data Communication System	1,742,735.77	16,594.04	0.95%	S6.0	7	4.9	5.0	2.6	0%	46.94%	818,040
391.4	Office Equipment	390,712.25	(240,421.23)	-61.53%	R1.0	15	11.3	7.6	9.3	0%	17.70%	69,156
391.5	Office Furniture & Fixtures	1,623,532.38	(116,109.93)	-7.15%	R1.0	25	22.9	4.4	21.5	0%	6.11%	99,198
392.1	Transportation Equipment - Trailers	476,106.72	223,385.02	46.92%	L3.0	24	23.5	9.9	15.9	3%	31.37%	149,355
392.2	Transportation Equipment	11,218,708.60	3,815,355.63	34.01%	L1.0	11	10.2	5.2	7.8	15%	20.00%	2,243,742
393.0	Stores Equipment	55,775.81	4,235.95	7.59%	S6.0	33	27.5	15.7	17.3	0%	37.06%	20,687
394.1	Tools, Shop & Garage Equip.	5,672,068.01	1,650,157.63	29.09%	S6.0	31	29.3	10.9	19.9	0%	32.08%	1,819,599
394.2	CNG Equipment	127,444.74	113,108.30	88.75%	R4.0	31	28.3	28.3	6.1	0%	78.45%	99,980
395.0	Laboratory Equipment	138,043.16	58,602.83	42.45%	R5.0	25	25.1	12.9	12.5	0%	50.20%	69,288
396.1	Power Operated Equipment - Trailers	464,441.42	177,196.26	38.15%	L2.0	17	19.3	9.9	11.8	25%	29.15%	135,385
396.2	Power Operated Equipment	2,452,121.40	294,108.70	11.99%	L1.5	15	8.8	6.4	11.2	25%	-20.45%	(501,450)
397.1	Comm. Equip - Base Station	328,232.24	166,410.75	50.70%	R2.0	20	23.4	15.5	12.3	0%	47.44%	155,713
397.2	Comm. Equip - Telemetering	3,489,558.63	3,443,100.56	98.67%	L1.0	18	18.9	13.3	10.5	0%	44.44%	1,550,760
397.3	Comm. Equip - Telex & Tel.	799,129.01	227,099.01	28.42%	L1.5	12	11.7	6.8	7.8	0%	33.33%	266,350
397.4	Comm. Equip - Mobile	615,451.64	(1,292.88)	-0.21%	R5.0	12	11.9	1.5	10.7	0	10.08%	62,038
398.0	Miscellaneous Equipment	38,881.19	(17,007.78)	-46.06%	R3.0	20	13.2	7.4	13.9	0%	-5.30%	(2,061)
	<b>Total General Plant</b>	<b>50,529,044.57</b>	<b>23,959,026.02</b>	<b>47.42%</b>							<b>22.91%</b>	<b>11,577,909</b>
<b>Total Depreciable</b>		<b>741,702,876.41</b>	<b>381,670,863.43</b>	<b>51.46%</b>							<b>44.84%</b>	<b>332,591,155</b>
<b>Intangible Plant</b>												
303.0	Intangible Assets - Software	22,883,661.35	3,359,820.99	14.68%								
	<b>Total Intangible Plant</b>	<b>22,883,661.35</b>	<b>3,359,820.99</b>	<b>14.68%</b>								
<b>Non Depreciable</b>												
301.0	Organization	152,066.08	0.00	0.00%								
302.0	Franchises & Consents	211,824.67	211,824.79	100.00%								
365.1	Land and Land Rights	224,535.51	0.00	0.00%								
374.1	Land and Land Rights	485,153.81	0.00	0.00%								
389.0	Land and Land Rights	2,253,273.09	1,008,539.41	44.76%								
	<b>Total Non Depreciable</b>	<b>3,326,853.16</b>	<b>1,220,364.20</b>	<b>36.88%</b>								
<b>Total System</b>		<b>767,913,390.92</b>	<b>386,251,048.62</b>	<b>0.88</b>								
<b>Check Total</b>		<b>767,957,540.60</b>	<b>386,290,278.62</b>									
	<b>Difference</b>	<b>44,149.68</b>	<b>39,230.00</b>									

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Cascade Natural Gas Corporation  
Depreciation Study  
As of December 31, 2013

**Total System**

**Present Depreciation Parameters and Rates**

Account Number	Account Description	Plant Investment OC \$s	Reserved Investment \$s	Percent Reserved %	Survivor Curve	Average Service Life years	Net Salvage % of OC	ALG Depreciation Rate % of OC / year	Present ALG Expense OC \$s / year
365.2	Rights of Way	1,026,089.41	723,037.92	70.47%	S6.0	70	0%	1.36%	13,955
367.1	Mains	15,804,273.68	9,718,327.35	61.49%	R2.0	60	-20%	1.92%	303,442
369.1	Meas. & Reg.Station Equip.	198,114.61	207,793.54	104.89%	R2.5	40	-20%	2.44%	4,834
	<b>Total Transmission Plant</b>	<b>17,028,477.70</b>	<b>10,649,158.81</b>	<b>62.54%</b>				<b>1.88%</b>	<b>322,231</b>
<b>Distribution Plant</b>									
374.2	Land Rights	2,024,481.27	555,373.05	27.43%	R2.0	60	0%	1.66%	33,606
375.1	Structures and Improvements	1,457,569.53	1,259,529.92	86.41%	R3.0	40	-5%	2.19%	31,921
375.2	Leasehold Improvements	1,219.38	563.91	46.25%	R3.0	40	-5%	2.19%	27
376.1	Mains	125,838,732.82	95,299,863.40	75.73%	R2.0	60	-60%	2.58%	3,246,639
376.2	Mains - High Pressure	125,140,041.31	36,642,755.44	29.28%	R3.0	60	-10%	1.81%	2,265,035
376.3	Mains - Polyethylene	110,360,599.79	26,989,235.89	24.46%	R2.0	60	-20%	1.99%	2,196,176
377.0	Compressor Station Equip.	2,000,730.58	1,147,762.55	57.37%				5.00%	100,037
378.0	Meas. & Reg.Sta.- General	21,468,661.45	7,185,578.52	33.47%	R2.5	40	-20%	2.92%	626,885
380.1	Services	75,986,422.72	103,363,584.56	136.03%	R5.0	45	-130%	4.96%	3,768,927
380.3	Services - Polyethylene	113,058,770.04	39,549,157.71	34.98%	R5.0	45	-50%	3.31%	3,742,245
381.0	Meters	47,965,227.35	16,046,525.66	33.45%	R5.0	33	15%	1.66%	796,223
382.0	Meter Installations	30,029,637.18	11,808,943.92	39.66%	R1.5	40	-10%	2.67%	801,791
383.0	Regulators	9,922,839.20	3,577,768.21	36.06%	R5.0	45	5%	1.71%	169,681
385.0	Ind'l Meas. & Reg.Sta Equip	8,890,421.52	3,536,035.86	39.77%	R1.5	28	0%	3.48%	309,387
388.0	Asset Retirement Obligation	48,962.23	39,791.84	81.27%	0.00	0	0%	3.05%	1,493
	<b>Total Distribution Plant</b>	<b>674,145,354.14</b>	<b>347,062,678.60</b>	<b>51.48%</b>				<b>2.68%</b>	<b>18,088,580</b>
<b>General Plant</b>									
390.1	Structures & Improvements	17,480,753.53	10,720,054.94	61.32%	R3.0	45	-5%	1.95%	340,875
390.2	Leasehold Improvements	16,807.74	32,656.75	194.30%	R3.0	45	-5%	1.95%	328
391.1	Computer System	92,213.41	86,364.54	93.66%	S0.0	7	0%	4.41%	4,067
391.2	Computer Softwares	3,306,326.92	3,306,326.93	100.00%	S-.5	6	0%	0.00%	0
391.3	Data Communication System	1,742,735.77	16,594.04	0.95%	S0.0	7	5%	10.34%	180,199
391.4	Office Equipment	390,712.25	(240,421.23)	-61.53%	L2.0	20	10%	3.54%	13,831
391.5	Office Furniture & Fixtures	1,623,532.38	(116,109.93)	-7.15%	R4.0	30	10%	2.23%	36,205
392.1	Transportation Equipment - Trailers	476,106.72	223,385.02	46.92%	L2.0	9	20%	8.01%	38,136
392.2	Transportation Equipment	11,218,708.60	3,815,355.63	34.01%	L2.0	9	20%	8.01%	898,619
393.0	Stores Equipment	55,775.81	4,235.95	7.59%	R2.0	30	0%	2.95%	1,645
394.1	Tools, Shop & Garage Equip.	5,672,068.01	1,650,157.63	29.09%	R2.0	30	5%	2.94%	166,759
394.2	CNG Equipment	127,444.74	113,108.30	88.75%	R2.0	30	5%	2.94%	3,747
395.0	Laboratory Equipment	138,043.16	58,602.83	42.45%	R2.0	25	0%	2.71%	3,741
396.1	Power Operated Equipment - Trailers	464,441.42	177,196.26	38.15%	L3.0	16	35%	3.76%	17,483
396.2	Power Operated Equipment	2,452,121.40	294,108.70	11.99%	L3.0	16	35%	3.76%	92,200
397.1	Comm. Equip - Base Station	328,232.24	166,410.75	50.70%	R1.5	25	5%	3.41%	11,193
397.2	Comm. Equip - Telemetry	3,489,558.63	3,443,100.56	98.67%	R3.0	10	0%	6.37%	222,285
397.3	Comm. Equip - Telex & Tel.	799,129.01	227,099.01	28.42%	R4.0	10	0%	6.31%	50,425
397.4	Comm. Equip - Mobile	615,451.64	(1,292.88)	-0.21%	R2.5	25	5%	3.44%	21,172
398.0	Miscellaneous Equipment	38,881.19	(17,907.78)	-46.06%	S1.0	20	0%	3.09%	1,201
	<b>Total General Plant</b>	<b>50,529,044.57</b>	<b>23,959,026.02</b>	<b>47.42%</b>				<b>4.16%</b>	<b>2,104,091</b>
<b>Total Depreciable</b>		<b>741,702,876.41</b>	<b>381,670,863.43</b>	<b>51.46%</b>				<b>2.77%</b>	<b>20,514,902</b>
<b>Intangible Plant</b>									
303.0	Intangible Assets - Software	22,883,661.35	3,359,820.99	14.68%					
	<b>Total Intangible Plant</b>	<b>22,883,661.35</b>	<b>3,359,820.99</b>	<b>14.68%</b>					
<b>Non Depreciable</b>									
301.0	Organization	152,066.08	0.00	0.00%					
302.0	Franchises & Consents	211,824.67	211,824.79	100.00%					
365.1	Land and Land Rights	224,535.51	0.00	0.00%					
374.1	Land and Land Rights	485,153.81	0.00	0.00%					
389.0	Land and Land Rights	2,253,273.09	1,008,539.41	44.76%					
	<b>Total Non Depreciable</b>	<b>3,326,853.16</b>	<b>1,220,364.20</b>	<b>36.68%</b>					
<b>Total System</b>		<b>767,913,390.92</b>	<b>386,251,048.62</b>	<b>0.88</b>					
<b>Check Total</b>		<b>767,957,540.60</b>	<b>386,290,278.62</b>						
	Difference	44,149.68	39,230.00						

Proposed 12-31-2013

+ 4812.55 Scott Wanner

Total System	GL Balance		Accr	CY 2013				GL Balance
	04/30/2013	10/27 & 11/12		Depr Provisions	Depreciation Rate	Amortization	Amortization Rate	
Total Intertate	92,772,324.05	98,298,137.16						
Total System In-Service	737,323,181.55	787,857,540.80						
<b>Total System</b>								
3010 Organization	152,068.08	152,068.08	3010	0.00	0.00	0.00	0.00	0.00
3020 Franchises & Consents	211,824.67	211,824.67	3020	(211,824.78)	0.00	0.00	0.00	(211,824.78)
3030 Intangible Assets - Software	18,864,883.75	22,883,897.55	3030	(1,836,682.67)	0.00	(1,523,238.32)	7.84%	(3,359,820.89)
<b>Total Intangible Plant</b>	<b>17,358,654.50</b>	<b>23,247,652.10</b>						
3051 Land and Land Rights	224,535.51	224,535.51	3051	0.00	0.00	0.00	0.00	0.00
3052 Rights of Way	1,026,099.41	1,026,099.41	3052	(709,083.16)	(13,954.76)	1.36%	0.00	(723,037.92)
3071 Mains	15,799,461.13	15,799,461.13	3071	(9,414,907.33)	(281,832.82)	1.85%	0.00	(9,718,327.35)
3091 Mss. & Reg. Station Equip.	205,098.91	198,114.81	3091	(213,318.65)	(7,739.88)	3.84%	0.00	(207,793.54)
<b>Total Transmission Plant</b>	<b>17,255,184.96</b>	<b>17,248,200.66</b>						
3741 Land and Land Rights	485,153.81	485,153.81	3741	0.00	0.00	0.00%	0.00	0.00
3742 Land Rights	2,005,091.93	2,024,481.27	3742	(522,088.37)	(33,284.48)	1.85%	0.00	(555,373.05)
3751 Structures and Improvements	1,419,239.07	1,457,589.53	3751	(1,227,819.37)	(30,898.40)	2.15%	0.00	(1,258,629.92)
3752 Leasehold Improvements	1,219.38	1,219.38	3752	(563.91)	0.00	0.00%	0.00	(563.91)
3761 Mains	122,443,384.55	125,838,732.82	3761	(92,830,280.39)	(2,885,351.88)	2.15%	0.00	(95,296,864.40)
3762 Mains - High Pressure	122,661,861.20	125,140,041.31	3762	(34,717,811.45)	(2,102,431.84)	1.70%	0.00	(36,842,754.44)
3763 Mains - Polyethylene	103,968,995.72	110,360,599.79	3763	(24,817,252.45)	(1,947,164.31)	1.82%	0.00	(26,890,236.89)
3770 Compressor Station Equip.	2,000,730.58	2,000,730.58	3770	(1,947,725.99)	(87,989.12)	4.39%	0.00	(1,147,762.55)
3780 Mss. & Reg. Sta. - General	20,017,154.25	21,468,861.45	3780	(9,785,011.83)	(557,407.82)	2.89%	0.00	(7,185,579.52)
3801 Services	78,197,537.07	75,986,422.72	3801	(100,331,345.88)	(2,927,582.27)	3.85%	0.00	(103,363,546.58)
3803 Services - Polyethylene	105,175,220.73	113,058,770.04	3803	(38,056,642.15)	(3,204,301.10)	2.84%	0.00	(96,546,157.71)
3810 Meters	47,119,872.31	47,985,227.35	3810	(11,701,237.74)	(785,938.02)	1.65%	0.00	(16,046,523.88)
3820 Meter Installations	29,714,150.85	30,029,837.18	3820	(11,132,377.09)	(734,897.84)	2.48%	0.00	(11,908,543.92)
3830 Regulators	9,744,857.73	9,922,839.20	3830	(3,688,285.50)	(167,467.80)	1.70%	0.00	(3,577,788.21)
3850 Indf Mss. & Reg. Sta Equip	7,748,047.02	8,890,421.52	3850	(3,281,611.48)	(286,917.23)	3.45%	0.00	(3,536,035.88)
3860 Other Prop. on Cust Premises	0.00	0.00	3860	561.84	0.00	0.00%	0.00	561.84
3860 AFD	45,332.40	48,882.23	3860	(14,853.31)	(1,438.11)	3.05%	0.00	(38,791.84)
<b>Total Distribution Plant</b>	<b>650,753,828.70</b>	<b>674,679,470.18</b>						
3880 Land and Land Rights	2,253,273.09	2,253,273.09	3880	(1,008,539.41)	0.00	0.00%	0.00	(1,008,539.41)
3901 Structures & Improvements	17,051,757.31	17,480,753.53	3901	(10,385,814.13)	(328,163.64)	1.90%	0.00	(10,720,054.84)
3902 Leasehold Improvements	16,807.74	16,807.74	3902	(32,856.75)	0.00	0.00%	0.00	(32,856.75)
3911 Computer System	92,213.41	92,213.41	3911	(82,297.89)	(4,086.55)	4.41%	0.00	(86,384.54)
3912 Computer Software	5,827,013.92	3,308,328.92	3912	(5,827,013.93)	0.00	0.00%	0.00	(3,308,328.93)
3913 Data Communication System	2,876,521.86	1,742,735.77	3913	(1,080,785.53)	(283,031.58)	13.28%	0.00	(18,594.04)
3914 Office Equipment	410,453.10	390,712.25	3914	228,450.49	(14,810.84)	3.85%	0.00	240,421.23
3915 Office Furniture & Fixtures	921,152.86	1,823,532.38	3915	108,435.38	(23,070.15)	1.81%	0.00	116,109.93
3921 Transportation Equipment - Trailers	539,527.07	476,106.72	3921	(244,487.61)	(40,148.42)	7.81%	0.00	(223,366.02)
3922 Transportation Equipment	10,058,762.42	11,218,708.80	3922	(3,788,885.88)	(838,474.54)	7.86%	0.00	(3,815,365.63)
3930 Store Equipment	86,361.91	56,775.81	3930	(15,810.45)	(2,011.90)	3.22%	0.00	(4,235.98)
3941 Tools, Shop & Garage Equip.	5,148,084.29	5,872,068.01	3941	(1,553,801.01)	(167,583.75)	2.87%	0.00	(1,650,157.83)
3942 CNG Equipment	127,444.74	127,444.74	3942	(113,108.30)	0.00	0.00%	0.00	(113,108.30)
3950 Laboratory Equipment	138,043.18	138,043.18	3950	(54,861.79)	(3,741.04)	2.71%	0.00	(58,602.83)
3961 Power Operated Equipment - Trailers	436,886.88	484,441.42	3961	(190,031.33)	(18,344.58)	3.63%	0.00	(177,168.28)
3962 Power Operated Equipment	1,933,115.76	2,452,121.40	3962	(847,735.25)	(79,040.42)	3.80%	0.00	(284,108.70)
3971 Comm. Equip - Base Station	191,289.37	328,232.24	3971	(180,257.92)	(6,152.83)	2.37%	0.00	(196,410.75)
3972 Comm. Equip - Telemetering	3,423,442.58	3,489,558.33	3972	(3,283,955.88)	(183,082.17)	5.59%	0.00	(3,443,100.58)
3973 Comm. Equip - Tels. & Tel.	869,840.82	790,129.01	3973	(177,417.58)	(48,681.43)	6.77%	0.00	(227,089.01)
3974 Comm. Equip - Mobile	112,599.14	815,451.84	3974	(54,161.25)	(11,231.59)	3.09%	0.00	1,292.88
3980 Miscellaneous Equipment	57,721.76	38,861.19	3980	850.73	(1,783.52)	3.69%	0.00	17,907.78
<b>Total General Plant</b>	<b>51,955,813.39</b>	<b>52,782,317.86</b>						
<b>Total System</b>	<b>737,323,181.55</b>	<b>787,857,540.80</b>						
<b>Form 2 Balance</b>	<b>737,323,181.55</b>	<b>787,857,540.80</b>						
<b>Variance from Form 2</b>	<b>0.00</b>	<b>0.00</b>						

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Scott Wanner  
Scott Wanner

Calculated Present Rate

Depreciation Summary

Account Number	Account Description	Plant Balance 9-30-1997	Survivor Curve	Average Service Life	Net Salvage	ALG Depreciation Rate	Annual Depreciation	
<b>Transmission Plant</b>								
365.1	Rights-of-Ways ✓	1,026,090	R5.0 ✓	70 ✓	0% ✓	1.36% ✓	13,955	4
367.0	Mains ✓	12,852,121	R2.0 ✓	60 ✓	-20% ✓	1.92% ✓	246,761	5
369.0	Measuring & Regulating Equipment ✓	207,523	R2.5 ✓	40 ✓	-20% ✓	2.44% ✓	5,064	6
370.0	Communications Equipment ✓	506	R2.0 ✓	15 ✓	0% ✓	4.21% ✓	21	7
<b>Total Transmission Plant</b>		<b>14,086,240</b>				<b>1.89%</b>	<b>265,801</b>	
<b>Distribution Plant</b>								
374.1	Land Rights ✓	1,495,569	R2.0 ✓	60 ✓	0% ✓	1.66% ✓	24,826	11
375.0	Structures & Improvements ✓	1,411,206	R3.0 ✓	40 ✓	-5% ✓	2.19% ✓	30,905	12
376.0	Mains ✓	104,835,864	R2.0 ✓	60 ✓	-60% ✓	2.58% ✓	2,704,765	13
376.2	Mains-High Pressure ✓	72,937,447	R3.0 ✓	60 ✓	-10% ✓	1.81% ✓	1,320,168	14
376.3	Mains-Plastic ✓	36,147,304	R2.0 ✓	60 ✓	-20% ✓	1.99% ✓	719,331	15
377.1						5.00		
378.0	Measuring & Regulating Equipment ✓	7,008,398	R2.5 ✓	40 ✓	-20% ✓	2.92% ✓	204,645	17
380.0	Services-Steel ✓	76,474,434	R5.0 ✓	45 ✓	-130% ✓	4.96% ✓	3,793,132	18
380.1	Services-Plastic ✓	21,554,714	R5.0 ✓	45 ✓	-50% ✓	3.31% ✓	713,461	19
381.0	Meters ✓	17,525,697	R5.0 ✓	33 ✓	15% ✓	1.66% ✓	290,927	20
382.0	Meter Installations ✓	10,617,662	R1.5 ✓	40 ✓	-10% ✓	2.67% ✓	283,492	21
383.0	House Regulators ✓	6,372,384	R5.0 ✓	45 ✓	5% ✓	1.71% ✓	108,968	22
384.0	House Regulators Installations ✓		R1.5 ✓	40 ✓	-10% ✓	?		23
385.0	Industrial Measuring & Regulating Equipment ✓	3,574,773	R1.5 ✓	28 ✓	0% ✓	3.48% ✓	124,402	24
<b>Total Distribution Plant</b>		<b>359,955,452</b>				<b>2.87%</b>	<b>10,319,022</b>	
<b>General Plant</b>								
390.0	Structures & Improvements ✓	12,552,302	R3.0 ✓	45 ✓	-5% ✓	1.95% ✓	244,770	28
391.0	Office Furniture & Fixture ✓	224,554	R4.0 ✓	30 ✓	10% ✓	2.23% ✓	5,008	29
391.1	Computer Hardware ✓	896,029	R0.0 ✓	7 ✓	0% ✓	4.41% ✓	39,515	30
391.2	Computer Software ✓	1,516,293	R-.5 ✓	6 ✓	0% ✓	14.29% ✓	216,678	31
391.3	Data Communications Equipment ✓	1,197,880	R0.0 ✓	7 ✓	5% ✓	10.34% ✓	123,861	32
391.4	Office Equipment ✓	984,735	R2.0 ✓	20 ✓	10% ✓	3.54% ✓	34,860	33
392.0	Transportation Equipment ✓	3,778,442	R2.0 ✓	9 ✓	20% ✓	8.01% ✓	302,653	34
393.0	Stores Equipment ✓	54,217	R2.0 ✓	30 ✓	0% ✓	2.95% ✓	1,599	35
394.0	Tools, Shop, & Garage Equipment ✓	2,230,905	R2.0 ✓	30 ✓	5% ✓	2.94% ✓	65,589	36
395.0	Laboratory Equipment ✓	177,926	R2.0 ✓	25 ✓	0% ✓	2.71% ✓	4,822	37
396.0	Power Operated Equipment ✓	1,991,289	R3.0 ✓	16 ✓	35% ✓	3.76% ✓	74,872	38
397.0	Mobile Radio Communications Equipment ✓	381,361	R2.5 ✓	25 ✓	5% ✓	3.44% ✓	13,119	39
397.1	Base Station Communications Equipment ✓	171,370	R1.5 ✓	25 ✓	5% ✓	3.41% ✓	5,844	40
397.2	Telemetry Equipment ✓	3,306,851	R3.0 ✓	10 ✓	0% ✓	6.37% ✓	210,646	41
397.3	Telex & Telephone Equipment ✓	463,962	R4.0 ✓	10 ✓	0% ✓	6.31% ✓	29,276	42
398.0	Miscellaneous Equipment ✓	130,026	R1.0 ✓	20 ✓	0% ✓	3.09% ✓	4,018	43
<b>Total General Plant</b>		<b>30,058,142</b>				<b>4.58%</b>	<b>1,377,130</b>	
<b>Total Plant</b>		<b>404,099,834</b>				<b>2.96%</b>	<b>11,961,953</b>	

SCOTT WANDER

388.1 A20s use present

3.05%

Present Depreciation

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Investigation into )	
the Propriety and Adequacy of Certain )	
Depreciation and Amortization Rates of )	DOCKET NO. UG-991923
)	
Cascade Natural Gas )	
Corporation )	
)	ORDER AUTHORIZING REVISED
And the Changes, if any, That Should )	DEPRECIATION AND
Be Ordered to Such Rates )	AMORTIZATION RATES
..... )	

BACKGROUND

On December 9, 1999, in Docket No. UG-991923, Cascade Natural Gas Corporation (Cascade or Company) filed with the Commission a depreciation rate accrual study for its Washington State plant and equipment. Cascade requested a July 1, 1998 effective date for the revised depreciation rates. The depreciation rate revisions, as proposed by Cascade, would result in a decrease in depreciation accruals of \$1.64 million annually.

DISCUSSION

Staff examined the depreciation study data for Cascade and is in full agreement as to the future depreciation parameters and rates for Cascade's Washington State plant and equipment. However, the Company failed to properly file and gain approval before implementing the proposed depreciation rates on July 1, 1998, creating a depreciation reserve imbalance. Staff and the Company have discussed the appropriate effective date of the proposed depreciation rates. As a result of those discussions, Staff and Cascade have agreed with January 1, 2000, as the effective date of the depreciation parameters and rates for Cascade's Washington plant and equipment. Further, Staff and Cascade proposed that all reports provided to the Commission will reflect the authorized depreciation rates with a January 1, 2000, effective date and include an additional amortization of the imbalance, created by Cascade's failure to file for implementation of its depreciation study on a timely basis, for an 18 month period beginning January 1, 2000.

The change in total annual depreciation accruals results in a decrease in the overall depreciation rate from 3.37 percent to 2.96 percent. The Commission authorizes the revised depreciation and amortization parameters, rates, and expenses to be effective January 1, 2000. The Commission found that the



proposed depreciation and amortization rates are appropriate and should be adopted and directed the secretary to enter the following Order and related provisions.

**ORDER**

**THE COMMISSION ORDERS That:**

1. The authorized depreciation rates and parameters in the attached Schedules 1 and 2 to this Order, are approved to be effective as of January 1, 2000.
2. The reserve imbalance created by Cascade's failure to file for approval prior to implementing rates on July 1, 1998, must be amortized over 18 months beginning January 1, 2000.
3. All regulatory operating reports submitted to the Commission over the amortization period must reflect authorized rates effective January 1, 2000, plus an amortization to reduce the depreciation reserve imbalance.
4. The Company must submit supplements to its 1998 and 1999 FERC Form 2s to this Commission reflecting authorized depreciation rates during those periods.

DATED at Olympia, Washington, and effective this 28th day of June 2000.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



CAROLE J. WASHBURN  
Secretary

**CASCADE NATURAL GAS CORPORATION**  
**Depreciation Study as of September 30, 1997**  
**Comparison of Depreciation Rates**

[1] Account Number	[2] Description	[3] 9-30-1997 Balance \$	[4] Existing Rate %	[5] Annual Amount \$	[6] ALG Rate %	[7] Annual Amount \$	[8] Increase or (Decrease) \$
<b>TOTAL SYSTEM</b>							
<b>Transmission Plant</b>							
365.2	Rights-of-way	1,026,090	3.30	33,861	1.36	13,955	(19,906)
367.0	Mains	12,852,121	3.30	424,120	1.92	246,761	(177,359)
369.0	M & R Station Equipment	207,523	0.00	0	2.44	5,064	5,064
370.0	Communication Equipment	506	0.00	0	4.21	21	21
	<b>Total Transmission Plant</b>	<b>14,086,240</b>	<b>3.25</b>	<b>457,981</b>	<b>1.89</b>	<b>265,800</b>	<b>(192,181)</b>
<b>Distribution Plant</b>							
374.1	Land Rights	1,495,569	0.00	0	1.66	24,826	24,826
375.0	Structures & Improvements	1,411,206	2.50	35,280	2.19	30,905	(4,375)
376.0	Mains	104,835,864	2.67	2,799,118	2.58	2,704,765	(94,352)
376.2	Mains - High pressure	72,937,447	2.67	1,947,430	1.81	1,320,168	(627,262)
376.3	Mains - Plastic	36,147,304	2.67	965,133	1.99	719,331	(245,802)
378.0	M & R Station Equipment	7,008,398	3.30	231,277	2.92	204,645	(26,632)
380.0	Services - Steel	76,474,434	3.30	2,523,656	4.96	3,793,132	1,269,476
380.1	Services - Plastic	21,554,714	3.30	711,306	3.31	713,461	2,155
381.0	Meters	17,525,697	3.33	583,606	1.66	290,927	(292,679)
382.0	Meter Installations	10,617,662	3.33	353,568	2.67	283,492	(70,077)
383.0	House Regulators	6,372,384	4.00	254,895	1.71	108,968	(145,928)
385.0	Industrial M & R Station Equipment	3,574,773	4.00	142,991	3.48	124,402	(18,589)
	<b>Total Distribution Plant</b>	<b>359,955,452</b>	<b>2.93</b>	<b>10,548,260</b>	<b>2.87</b>	<b>10,319,022</b>	<b>(229,237)</b>
<b>General Plant</b>							
390.0	Structures & Improvements	12,552,302	5.00	627,615	1.95	244,770	(382,845)
391.0	Office Furniture & Fixtures	224,554	6.67	14,978	2.23	5,008	(9,970)
391.1	Computer Hardware	896,029	12.50	112,004	4.41	39,515	(72,489)
391.2	Computer Software	1,516,293	20.00	303,259	14.29	216,678	(86,580)
391.3	Data Communication Equipment	1,197,880	20.00	239,576	10.34	123,861	(115,715)
391.4	Office Equipment	984,735	6.67	65,682	3.54	34,860	(30,822)
392.0	Transportation Equipment	3,778,442	12.50	472,305	8.01	302,653	(169,652)
393.0	Stores Equipment	54,217	5.00	2,711	2.95	1,599	(1,111)
394.0	Tools, Shop & Garage Equipment	2,230,905	5.00	111,545	2.94	65,589	(45,957)
395.0	Laboratory Equipment	177,926	5.00	8,896	2.71	4,822	(4,075)
396.0	Power Operated Equipment	1,991,289	10.00	199,129	3.76	74,872	(124,256)
397.0	Mobile Radio Communication Equip.	381,361	10.00	38,136	3.44	13,119	(25,017)
397.1	Base Station Communication Equip.	171,370	10.00	17,137	3.41	5,844	(11,293)
397.2	Telemetry Equipment	3,306,851	10.00	330,685	6.37	210,646	(120,039)
397.3	Telex & Telephone Equipment	463,962	10.00	46,396	6.31	29,276	(17,120)
398.0	Miscellaneous Equipment	130,026	5.00	6,501	3.09	4,018	(2,483)
	<b>Total General Plant</b>	<b>30,058,142</b>	<b>8.64</b>	<b>2,596,555</b>	<b>4.58</b>	<b>1,377,129</b>	<b>(1,219,426)</b>
	<b>Total System</b>	<b>404,099,834</b>	<b>3.37</b>	<b>13,602,796</b>	<b>2.96</b>	<b>11,961,952</b>	<b>(1,640,844)</b>

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377.1  
5.0%

**CASCADE NATURAL GAS CORPORATION**  
**Depreciation Study as of September 30, 1997**  
**Mortality Characteristics**

Schedule 2

[1] Account Number	[2] Description	[3] ASL	[4] Curve	[5] Net Salvage
<b><u>TOTAL SYSTEM</u></b>				
<b><u>Transmission Plant</u></b>				
365.2	Rights-of-way	70	S6	0
367.0	Mains	60	R2	-20
369.0	M & R Station Equipment	40	R2.5	-20
370.0	Communication Equipment	15	L2	0
<b><u>Distribution Plant</u></b>				
374.1	Land Rights	60	R2	0
375.0	Structures & Improvements	40	R3	-5
376.0	Mains	60	R2	-60
376.2	Mains - High pressure	60	R3	-10
376.3	Mains - Plastic	60	R2	-20
378.0	M & R Station Equipment	40	R2.5	-20
380.0	Services - Steel	45	R5	-130
380.1	Services - Plastic	45	R5	-50
381.0	Meters	33	R5	15
382.0	Meter Installations	40	R1.5	-10
383.0	House Regulators	45	R5	5
384.0	House Regulator Installations	40	R1.5	-10
385.0	Industrial M & R Station Equipment	28	R1.5	0
<b><u>General Plant</u></b>				
390.0	Structures & Improvements	45	R3	-5
391.0	Office Furniture & Fixtures	30	R4	10
391.1	Computer Hardware	7	S0	0
391.2	Computer Software	6	S-.5	0
391.3	Data Communication Equipment	7	S0	5
391.4	Office Equipment	20	L2	10
392.0	Transportation Equipment	9	L2	20
393.0	Stores Equipment	30	R2	0
394.0	Tools, Shop & Garage Equipment	30	R2	5
395.0	Laboratory Equipment	25	R2	0
396.0	Power Operated Equipment	16	L3	35
397.0	Mobile Radio Communication Equipment	25	R2.5	5
397.1	Base Station Communication Equipment	25	R1.5	5
397.2	Telemetry Equipment	10	R3	0
397.3	Telex & Telephone Equipment	10	R4	0
398.0	Miscellaneous Equipment	20	S1	0

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377.1 5.0%