

**Exhibit No. \_\_\_(JTS-15)  
Docket No. UG-060256  
Witness: Jon T. Stoltz**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**CASCADE NATURAL GAS  
CORPORATION**

**Complainant,**

**v.**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

**Respondent.**

**DOCKET NO. UG-060256**

**Exhibit REBUTTAL TESTIMONY OF**

**Jon T. Stoltz**

**STAFF OF**

**Cascade Natural Gas Corporation**

**September 12, 2006**

**Exhibit \_\_\_ (JTS 15) Cost of Service**

Cascade Natural Gas Corporation  
Per Books Cost Allocation - 12 Months Ended September 30, 2005 - Adjusted  
State of Washington  
Commission Basis Summary Report

Line No.	Description	TOTAL CODE	Total_Company	REOS 503	DO 502	GAC 541	COGS 504	CNG 512	LV 511	INDGS 505	INTGEN 570	INSINTINS 577	NCGEN 663	NCLV 664	NCSPECC 901
<u>Operating Revenues</u>															
1	Rate Sched Revenue	REV_RS_	258,373,954	125,257,243	1,720,996	190,676	87,202,523	70,786	8,288,334	10,956,333	3,148,788	412,448	8,907,753	6,351,718	5,866,355
2	Gas Transportation Revenue	REV_OTH_GASTRANSP	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Other Operating Revenue	REV_OTH_OPER_REV	889,298	507,415	6,407	503	201,108	69	11,811	21,626	1,711	265	38,190	46,312	53,880
4	Total Revenue	REV	259,263,252	125,764,658	1,727,403	191,180	87,403,631	70,855	8,300,145	10,977,959	3,150,500	412,713	8,945,944	6,398,030	5,920,235
<u>Operating Expenses</u>															
7	Total Cost of Gas	EXP_GAS	165,020,464	84,041,412	1,114,413	129,758	61,872,071	48,270	6,111,978	8,071,816	2,522,707	315,139	0	0	792,901
8	Manufactured Gas Production	EXP_O&M_P	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Distribution O&M Exp	EXP_O&M_D	7,682,852	3,296,128	36,500	6,163	2,106,595	514	92,623	245,334	27,178	5,831	560,671	534,553	770,763
10	Customer Accounts	EXP_O&M_CUST_ACCT	4,181,215	2,253,194	24,803	4,194	1,418,526	390	56,596	168,578	29,842	5,840	186,051	15,667	17,535
11	Customer Service & Information	EXP_O&M_CUST_SVIF	1,339,336	727,982	7,434	1,430	444,259	40	9,161	51,530	6,923	1,731	76,153	5,769	6,923
12	Customer Sales	EXP_O&M_CUST_SALE	441,710	241,335	2,465	474	147,277	13	3,037	17,083	2,295	574	25,246	1,913	0
13	Administration & General	EXP_A&G	16,915,982	6,431,050	77,071	11,482	4,296,435	1,849	274,242	525,135	87,794	13,962	1,994,141	2,949,244	253,578
14	Wage Adjustment	EXP_WAGE	1,369,561	647,392	7,242	1,201	415,387	112	19,313	48,572	4,420	904	73,879	69,128	82,010
15	Depreciation & Amortization	EXP_O&MDEPR	13,659,910	6,388,447	73,191	11,675	4,164,947	1,283	223,625	485,863	21,883	4,052	624,815	820,308	839,822
16	Total Expenses Excluding Taxes	EXP	210,611,030	104,026,938	1,343,119	166,378	74,865,496	52,471	6,790,574	9,613,911	2,703,041	348,032	3,540,955	4,396,582	2,763,532
<u>Operating Taxes</u>															
19	Taxes Other Than Income	TAX	23,727,650	11,308,988	151,432	17,758	7,804,827	5,735	696,810	968,937	242,903	32,308	902,295	764,574	831,084
20	State Income Tax	TAX_BOOK_STATE	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Fed Income Taxes	IFIT	3,681,260	1,644,780	29,077	1,877	948,695	1,391	114,221	103,210	33,857	4,894	408,967	151,439	238,851
22	Total Taxes	TOTAL_TAXES	27,408,910	12,953,768	180,508	19,635	8,753,522	7,126	811,031	1,072,147	276,760	37,202	1,311,262	916,013	1,069,935
<u>Total Operating Rev. Deductions</u>															
24	Total Operating Rev. Deductions	TOTAL_DED	238,019,940	116,980,706	1,523,628	186,013	83,619,018	59,598	7,601,605	10,686,058	2,979,801	385,234	4,852,217	5,312,596	3,833,467
26	Net Operating Income	NOI	21,243,312	8,783,952	203,775	5,167	3,784,613	11,257	698,540	291,900	170,699	27,479	4,093,727	1,085,435	2,086,768
28	Rate Base	RB	239,332,551	101,213,281	1,206,702	187,520	70,419,319	26,846	4,565,375	8,230,589	541,665	103,353	14,418,479	17,812,138	20,607,284
30	Rate of Return		8.88%	8.68%	16.89%	2.76%	5.37%	41.93%	15.30%	3.55%	31.51%	26.59%	28.39%	6.09%	10.13%
32	Revenue to Cost Ratio - Current Rates			1.00	1.10	0.91	0.96	1.25	1.06	0.94	1.07	1.08	2.02	0.89	1.08
33	Revenue to Cost Ratio - Excl Gas Cost -Current Rates			0.99	1.34	0.77	0.87	2.72	1.27	0.80	1.46	1.43	2.02	0.89	1.09
34	Return at 9.37% ROR	XRET	22,413,493	9,478,624	113,008	17,561	6,594,769	2,514	427,547	770,795	50,727	9,679	1,350,291	1,668,107	1,929,872
35	Revenue Deficiency at 9.37%		1,881,918	1,117,191	-145,975	19,933	4,519,371	-14,061	-435,818	770,171	-192,942	-28,627	-4,412,070	937,069	-252,324
36	CNG Study Revenue to Cost Ratio - Excl Gas Cost			0.87	1.22	0.86	0.96	3.23	1.47	0.92	1.14	1.28	2.25	0.93	1.51
37	CNG Revenue Deficiency Calculation at 9.37%		11,727,512	10,415,379	-49,511	17,344	3,832,693	-13,345	-458,683	551,233	-21,966	-11,518	-3,530,426	2,010,306	-1,013,996
<u>New Rate Schedule Revenue at Requested Return</u>															
35	New Rate Schedule Revenue at Requested Return	Customer	36,001,580	23,767,155	238,418	31,654	9,808,456	1,365	230,147	996,949	75,076	15,139	720,912	78,265	38,044
36	Commodity Revenue Requirement	Commodity	208,900,815	107,035,287	1,369,166	168,360	77,770,644	54,173	7,270,270	10,102,165	2,975,108	373,931	544,623	1,237,089	0
37	Capacity Revenue Requirement	Capacity	25,199,071	4,870,180	63,901	8,006	3,456,116	1,902	329,239	408,453	76,634	11,860	4,111,793	7,046,671	4,814,315
38	Revenue Requirement	Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
39	Total Revenue Requirement at 9.37% ROR	Total	270,101,466	135,672,622	1,671,485	208,021	91,035,217	57,441	7,829,656	11,507,566	3,126,818	400,929	5,377,328	8,362,025	4,852,359
<u>Units for Unit Cost Report - Bills</u>															
41	Units for Unit Cost Report - Bills	UNITS	171,649	147,373	1,505	71	22,052	2	72	405	12	3	132	10	12
42	Units for Unit Cost Report - Therms	UNITS	700,566,944	99,536,929	1,437,349	162,388	73,487,657	61,548	7,861,569	10,240,163	3,277,558	409,432	90,413,328	155,960,514	257,718,509
<u>Customer Cost per Month</u>															
44	Customer Cost per Month		17.48	13.44	13.20	37.15	37.07	56.88	266.37	205.13	521.36	420.52	455.12	652.21	264.20
45	Commodity plus Capacity Cost per Therm		0.3342	1.1243	0.9970	1.0861	1.1053	0.9111	0.9667	1.0264	0.9311	0.9423	0.0515	0.0531	0.0187
38	Difference in Revenue Deficiency		-9,845,594	-9,298,188	-96,464	2,589	686,677	-716	22,865	218,938	-170,976	-17,109	-881,645	-1,073,237	761,672
39	Current Revenue (Cents/therm)												10.0	4.1	
40	Cost-of-Service Full Request (Cents/therm)												5.0	4.7	