

**Exh. DJP-2  
Docket UG-200568  
Witness: David J. Panco**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**CASCADE NATURAL GAS  
CORPORATION,**

**Respondent.**

**DOCKET UG-200568**

**EXHIBIT TO TESTIMONY OF**

**David J. Panco**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Comparison of Company's and Staff's Proposed Pro Forma Plant  
and Proposed Pro Forma Plant Adjustments*

**November 19, 2020**

Cascade Natural Gas  
Pro Forma Plant Additions Adjustment P-3  
Twelve Months Ended December 31, 2019

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| Line No.                  | A                                 | B<br>Cascade<br>Proposed<br>Per UTC Staff DR No. 127 | C<br>Staff<br>Proposed | D = C - B<br>Difference |
|---------------------------|-----------------------------------|--|------------------------|-------------------------|
| <b>Operating Revenues</b> |                                   |  |                        |                         |
| 1                         | Natural Gas Sales                 |  |                        |                         |
| 2                         | Gas Transportation Revenue        | 1,281,027  | 0                      | (1,281,027)             |
| 3                         | Other Operating Revenues          |  |                        |                         |
| 4                         | <b>REVENUE</b>                    | <b>\$1,281,027</b>                                   | <b>\$0</b>             | <b>(\$1,281,027)</b>    |
| <b>Operating Expenses</b> |                                   |  |                        |                         |
| 5                         | Nat. Gas/Production Costs         |  |                        |                         |
| 6                         | Revenue Taxes                     | 51,907   | 0                      | (51,907)                |
| 7                         | Production                        |  |                        |                         |
| 8                         | Distribution                      |  |                        |                         |
| 9                         | Customer Accounts                 | 5,150  | 0                      | (5,150)                 |
| 10                        | Customer Service                  |  |                        |                         |
| 11                        | Sales                             |  |                        |                         |
| 12                        | Administrative and General        |  |                        |                         |
| 13                        | Depreciation & Amortization       | 2,842,571  | 111,547                | (2,731,024)             |
| 14                        | Regulatory Debits                 |  |                        |                         |
| 15                        | Taxes Other Than Income           | 765,625  | 79,460                 | (686,165)               |
| 16                        | State & Federal Income Taxes      | (500,687)  | (40,111)               | 460,576                 |
| 17                        | <b>Total Operating Expenses</b>   | <b>3,164,565</b>                                     | <b>150,895</b>         | <b>(3,013,670)</b>      |
| 18                        | <b>Net Operating Income</b>       | <b>(\$1,883,538)</b>                                 | <b>(\$150,895)</b>     | <b>\$1,732,643</b>      |
| <b>Rate Base</b>          |                                   |  |                        |                         |
| 19                        | Total Plant in Service            | 66,105,637   | 6,860,763              | (59,244,874)            |
| 20                        | Total Accumulated Depreciation    | (1,421,285)  | (55,773)               | 1,365,512               |
| 21                        | Customer Adv. For Construction    |  |                        |                         |
| 22                        | Def. Accumulated Income Taxes     | 38,179   | (15,302)               | (53,481)                |
| 23                        | Working Capital Allowance         |  |                        |                         |
| 24                        | <b>TOTAL RATE BASE</b>            | <b>\$64,722,531</b>                                  | <b>\$6,789,688</b>     | <b>(\$57,932,843)</b>   |
| 25                        | <b>Revenue Requirement Effect</b> | <b>\$8,964,076</b>                                   | <b>\$823,187</b>       | <b>(\$8,140,889)</b>    |

**Cascade Natural Gas Corporation**  
**Pro Forma Plant Additions**  
**Comparison of Company vs Staff Adjustment**

Twelve Months Ended December 31, 2019

| Ln. | A   | B        | C                        | D<br>Company<br>Adjustment<br>Per UTC Staff DR No. 127 | E<br>Staff<br>Proposed<br>Adjustment | F = E - D<br>Difference |
|-----|---|----------|--------------------------|--|--------------------------------------|-------------------------|
| 1   | Investment from DCP-2   |          |                          | \$ 66,105,637  | \$ 6,860,763                         | \$ (59,244,874)         |
| 2   | 2019 Property Tax Rate [1]  | 0.011582 |                          |  |                                      |                         |
| 3   | Property Tax  |          | Ln 1 * 0.011582          | 765,625  | 79,460                               | (686,165)               |
| 4   | Total Investment  |          | Ln 1                     | 66,105,637   | 6,860,763                            | (59,244,874)            |
| 5   | Depreciation Expense  | RR Model | 2020 Plant Additions Tab | 2,842,571  | 111,547                              | (2,731,024)             |
| 6   | Accumulated Depr. (Avg)   |          | Ln 5 / 2                 | 1,421,285  | 55,773                               | (1,365,512)             |
| 7   | Accum Tax depreciation  |          | Ln 4 *3.75%              | 2,478,961  | 257,279                              | (2,221,683)             |
| 8   | Deferred Tax  |          | (Ln 7 - Ln 5) * .21      | (76,358)   | 30,604                               | 106,962                 |
| 9   | Accum Def Tax (Avg)   |          | Ln 8 / 2                 | (38,179)   | 15,302                               | 53,481                  |
| 10  | FIT   |          | Ln 5 * .21               | 596,940  | 23,425                               | (573,515)               |
|     |   |          |                          | -----  |                                      |                         |
| 11  | Rate Bate   |          | Ln 4 - Ln 6 - Ln 9       | \$ 64,722,531  | \$ 6,789,688                         | \$ (57,932,843)         |
| 12  | 2020 New Customer Revenue Adjustment<br>Exhibit IDM-7, Column (Y), Line 584 |          |                          | 1,281,027  | -                                    | -                       |
| 13  | Revenue Requirement Effect (from the Summary of Adjustments)                |          |                          | 8,964,076  | 823,187                              | (8,140,889)             |

Cascade Natural Gas Corporation  
Pro Forma Plant Additions  
Twelve Months Ended December 31, 2019

| A        | B                | C   | D           | E               | F = D * E | G               | H                      | I                    | J                                |
|----------|------------------|---|-------------|-----------------|-----------|-----------------|------------------------|----------------------|----------------------------------|
| Line No. | Function         | Funding Project - Description                   | Account No. | Per DJP-3       | WA Alloc  | WA              | Actual Cost            |                      | Actual In Service Date Per DJP-3 |
| 1        | Gas Distribution | FP-300233 - ARLINGTON 6" HP REINFORCEMENT       | 376.20      | \$ 4,130,605.97 |           | \$ 4,130,605.97 | \$ 4,130,605.97        |                      | 1/27/2020                        |
| 2        | Gas Distribution | FP-317060 - FRL; 10" HP; BELL; 2900' STATEBRIDG | 376.20      | 1,512,200.81    |           | 1,512,200.81    | 1,512,200.81           |                      | 1/23/2020                        |
| 3        | Gas Distribution | FP-318482 RF; 4"; PE; Moses Lake 1,800'         | 376.30      | 212,170.31      |           | 212,170.31      | 212,170.31             |                      | 3/10/2010                        |
| 4        | Gas Distribution | FP-316586 - RP; R-187 ARLINGTON GATE            | 378.00      | 1,005,786.24    |           | 1,005,786.24    | 1,005,786.24           |                      | 7/31/2020                        |
|          |                  |   |             |                 |           |                 | <b>\$ 6,860,763.33</b> |                      |                                  |
| 5        |                  |   |             |                 |           |                 |                        |                      |                                  |
| 6        |                  |   |             |                 |           |                 |                        |                      |                                  |
| 7        |                  |   |             |                 |           |                 |                        |                      |                                  |
| 8        |                  |   |             |                 |           |                 |                        |                      |                                  |
| 9        |                  |   |             |                 |           |                 |                        |                      |                                  |
| 10       |                  |   |             |                 |           |                 |                        |                      |                                  |
| 11       |                  |   |             |                 |           |                 |                        |                      |                                  |
| 12       |                  |   |             |                 |           |                 |                        |                      |                                  |
| 13       |                  |   |             |                 |           |                 |                        |                      |                                  |
| 14       |                  |   |             |                 |           |                 |                        |                      |                                  |
| 15       |                  |   |             |                 |           |                 |                        |                      |                                  |
| 16       |                  |   |             |                 |           |                 |                        |                      |                                  |
| 17       |                  |   |             |                 |           |                 |                        |                      |                                  |
| 18       |                  |   |             |                 |           |                 |                        |                      |                                  |
| 19       |                  |   |             |                 |           |                 |                        |                      |                                  |
| 20       |                  |   |             |                 |           |                 |                        |                      |                                  |
| 21       |                  |   |             |                 |           |                 |                        |                      |                                  |
|          |                  |   |             |                 | Totals    |                 | <b>\$ 6,860,763.33</b> | <b>\$ 111,546.64</b> | 0.016258634                      |

| FERC Acct | per DR responses Investment | Depr. Rate UG-200278 | Depreciation Expense |
|-----------|-----------------------------|----------------------|----------------------|
| 303       |                             | 12.81%               | 0.00                 |
| 367.1     |                             | 1.50%                | 0.00                 |
| 374.2     |                             | 1.64%                | 0.00                 |
| 376.1     |                             | 3.56%                | 0.00                 |
| 376.2     | \$ 5,642,806.78             | 1.52%                | \$ 85,770.66         |
| 376.3     | 212,170.31                  | 2.81%                | 5,961.99             |
| 378       | 1,005,786.24                | 1.97%                | 19,813.99            |
| 380.1     |                             | 3.47%                | 0.00                 |
| 380.3     |                             | 3.36%                | 0.00                 |
| 381       |                             | 2.61%                | 0.00                 |
| 383       |                             | 2.16%                | 0.00                 |
| 385       |                             | 1.70%                | 0.00                 |
| 390.1     |                             | 1.44%                | 0.00                 |
| 394.1     |                             | 10.66%               | 0.00                 |
| 396.2     |                             | 9.63%                | 0.00                 |
| 397.2     |                             | 5.53%                | 0.00                 |