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August 12, 2015

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 June 30, 2015.

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, sweeping underline.

Michael Parvinen
Director, Regulatory Affairs

Attachments

CASCADE NATURAL GAS CORPORATION
Washington Statement of Operations
QUARTERLY STATISTICAL INFORMATION

THERM SALES

	Monthly			12 Months Ending		
	April 2015	May 2015	June 2015	April 2015	May 2015	June 2015
Residential	8,175,511	4,265,613	1,332,142	103,675,581	103,416,380	101,662,176
Commercial	6,408,926	3,743,521	1,960,439	81,559,575	81,431,718	80,479,019
Industrial Firm	935,256	856,194	678,441	12,193,564	12,319,363	12,411,915
Core Interruptible	373,015	282,941	240,524	4,323,701	4,319,117	4,310,164
Noncore	53,979,036	61,014,083	58,983,155	716,245,325	731,751,873	748,124,213
TOTAL WASHINGTON	69,871,744	70,162,352	63,194,701	917,997,746	933,238,451	946,987,487

	AVERAGE CUSTOMERS		
	April 2015	May 2015	June 2015
Residential	178,633	178,472	178,098
Commercial	25,201	25,166	25,104
Industrial Firm	452	452	451
Core Interruptible	13	13	13
Noncore	198	199	199
TOTAL WASHINGTON	204,497	204,302	203,865

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 4/30/2015

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	16,899,701	208,863,260
Transportation Revenue	1,619,783	19,741,696
Other Operating Revenue	114,434	957,892
	<u>18,633,919</u>	<u>229,562,847</u>
Less: Natural Gas & Production Costs	10,655,589	132,511,887
Revenue Taxes	1,595,941	18,848,996
OPERATING MARGIN	<u>6,382,388</u>	<u>78,201,964</u>
OPERATING EXPENSES		
Production	36,083	324,411
Distribution	1,384,397	16,561,489
Customer Accounts	382,489	5,403,880
Customer Service & Informational	75,335	1,120,988
Sales	20	5,314
Administrative & General	1,455,826	16,274,837
Depreciation & Amortization	1,466,617	17,179,523
Property, Payroll & Misc. Taxes	377,844	4,471,783
Federal Income Taxes	174,462	3,408,516
Total Operating Expenses	<u>5,353,074</u>	<u>64,750,741</u>
NET OPERATING INCOME	<u>1,029,314</u>	<u>13,451,223</u>
RATE BASE	<u>236,742,704</u>	<u>231,375,822</u>
RATE OF RETURN	<u>0.43%</u>	<u>5.81%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	626,266,521	614,586,921
Accumulated Depreciation	<u>(323,706,021)</u>	<u>(316,739,570)</u>
Net Utility Plant	302,560,500	297,847,351
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(2,296,381)	(2,915,816)
Accumulated Deferred Income Taxes	(74,021,595)	(74,021,595)
Deferred Debits	-	-
Subtotal	<u>226,242,524</u>	<u>220,909,940</u>
Working Capital	10,500,180	10,465,882
TOTAL RATE BASE	<u>236,742,704</u>	<u>231,375,822</u>

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 5/31/2015

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	10,181,500	209,174,972
Transportation Revenue	1,634,753	19,851,369
Other Operating Revenue	79,691	960,914
	11,895,945	229,987,255
Less: Natural Gas & Production Costs	6,124,241	132,833,756
Revenue Taxes	1,093,104	1,880,422
OPERATING MARGIN	4,678,600	95,273,078
OPERATING EXPENSES		
Production	28,860	326,370
Distribution	1,172,291	16,472,859
Customer Accounts	421,525	5,418,709
Customer Service & Informational	81,095	1,118,217
Sales	1,441	6,515
Administrative & General	1,207,442	16,375,493
Depreciation & Amortization	1,466,871	17,241,427
Property, Payroll & Misc. Taxes	362,358	4,436,914
Federal Income Taxes	(246,444)	3,376,375
Total Operating Expenses	4,495,437	64,772,879
NET OPERATING INCOME	183,163	30,500,199
RATE BASE	236,199,263	232,013,309
RATE OF RETURN	0.08%	13.15%

SCHEDULE OF RATE BASE

Utility Plant In Service	627,988,169	616,554,483
Accumulated Depreciation	(325,133,766)	(317,993,679)
Net Utility Plant	302,854,403	298,560,804
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,000,728)	(2,884,975)
Accumulated Deferred Income Taxes	(74,130,495)	(74,130,495)
Deferred Debits	-	-
Subtotal	225,723,181	221,545,334
Working Capital	10,476,082	10,467,975
TOTAL RATE BASE	236,199,263	232,013,309

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Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 6/30/2015

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	5,337,292	207,131,900
Transportation Revenue	1,625,658	19,966,542
Other Operating Revenue	102,531	956,296
	7,065,481	228,054,738
Less: Natural Gas & Production Costs	2,808,207	131,431,226
Revenue Taxes	735,909	18,847,974
OPERATING MARGIN	3,521,366	77,775,538
OPERATING EXPENSES		
Production	29,107	331,630
Distribution	1,250,417	16,379,913
Customer Accounts	371,801	5,428,902
Customer Service & Informational	122,205	1,052,488
Sales	962	5,333
Administrative & General	1,109,953	16,340,186
Depreciation & Amortization	1,470,577	17,311,777
Property, Payroll & Misc. Taxes	365,336	4,431,933
Federal Income Taxes	(628,593)	3,189,654
Total Operating Expenses	4,091,765	64,471,817
NET OPERATING INCOME	(570,399)	13,303,721
RATE BASE	235,851,564	232,661,552
RATE OF RETURN	-0.24%	5.72%

SCHEDULE OF RATE BASE

Utility Plant In Service	629,811,937	618,587,920
Accumulated Depreciation	(326,548,287)	(319,257,287)
Net Utility Plant	303,263,650	299,330,633
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,644,730)	(2,910,880)
Accumulated Deferred Income Taxes	(74,227,763)	(74,227,763)
Deferred Debits	-	-
Subtotal	225,391,158	222,191,990
Working Capital	10,460,407	10,469,562
TOTAL RATE BASE	235,851,564	232,661,552

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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: 6/30/2015

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	April-15	May-15	June-15	Mar. 1, 2014 Through April 30, 2015	Apr. 1, 2014 Through May 30, 2015	May 1, 2014 Through June 30, 2015
GAS SALES						
480 Residential Sales	9,143,222.70	5,196,036.41	2,235,804.67	113,354,363.66	113,382,195.71	111,881,044.51
481 Commercial - Interruptible Sales	7,756,478.67	4,985,463.63	3,101,487.61	95,508,895.90	95,792,776.44	95,250,855.47
TOTAL GAS SALES	16,899,701.37	10,181,500.04	5,337,292.28	208,863,259.56	209,174,972.15	207,131,899.98
OTHER OPERATING REVENUE						
4880 Miscellaneous Service Revenues	96,811.95	67,228.53	80,526.85	681,709.13	678,913.55	684,284.81
4890 Rev. From Transp. of Gas of Others	1,619,783.45	1,634,753.37	1,625,658.35	19,741,696.03	19,851,368.89	19,966,542.31
4930 Rent From Gas Property	-	100.00	1,514.60	100.00	100.00	1,614.60
4940 Interdepartmental Rents	6,478.70	6,478.70	6,478.70	76,306.80	76,486.50	76,666.20
4950 Other Gas Revenue	11,143.47	5,883.91	14,010.60	199,775.61	205,414.28	193,730.21
495.1 Overrun Penalty Income	-	-	-	-	-	-
TOTAL OTHER OPERATING REVENUE	1,734,217.57	1,714,444.51	1,728,189.10	20,699,587.57	20,812,283.22	20,922,838.13
* TOTAL OPERATING REVENUE *	18,633,918.94	11,895,944.55	7,065,481.38	229,562,847.13	229,987,255.37	228,054,738.11
NATURAL GAS PURCHASED						
804 Natural Gas City Gate Purchases	7,802,263.05	6,885,530.77	6,111,219.35	125,869,603.39	124,156,705.83	123,895,630.33
805 Other Gas Purchases	-	-	-	-	-	-
805.1 Purchased Gas Cost Adjustments	1,638,881.05	(386,217.55)	(2,853,614.74)	4,919,381.97	6,756,728.09	6,063,469.86
808.1 Gas Withdrawn From Storage	1,218,627.57	19,412.93	19,077.72	4,621,189.70	4,822,313.21	4,841,390.93
808.2 Gas Delivered To Storage	-	(392,786.92)	(467,041.17)	(2,859,244.99)	(2,863,697.99)	(3,330,739.16)
812 Gas Used For Other Utility Oper.	(4,182.32)	(1,698.97)	(1,434.63)	(39,043.37)	(38,293.47)	(38,525.51)
TOTAL NATURAL GAS PURCHASED	10,655,589.35	6,124,240.56	2,808,206.53	132,511,886.70	132,833,755.67	131,431,226.45
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	1,595,941.35	1,093,103.50	735,909.16	18,848,995.98	1,880,421.73	18,847,973.77
* OPERATING MARGIN *	6,382,388.24	4,678,600.49	3,521,365.69	78,201,964.45	95,273,077.97	77,775,537.89
PRODUCTION EXPENSES						
813 Other Gas Supply Expenses	36,083.43	28,859.76	29,106.55	324,410.51	326,369.80	331,630.33
DISTRIBUTION EXPENSES						
Operation						
870 Oper., Supervision & Engineering	109,105.25	104,886.08	107,832.34	1,258,222.64	1,247,944.09	1,248,529.67
871 Distribution Load Dispatching	42,779.55	36,190.48	39,123.53	532,751.79	502,075.19	487,934.96
872 Compressor Station	4,730.85	7,110.83	9,448.54	77,764.31	80,469.34	86,649.33
874 Mains & Services Exp.	329,639.92	256,821.97	269,181.81	3,316,222.75	3,309,710.32	3,342,119.99
875 Meas. & Reg. Stat. Exp.-Gen.	49,843.15	40,045.53	63,873.54	653,474.62	634,171.41	645,572.30
876 Meas. & Reg. Stat. Exp.-Ind.	9,590.96	8,572.95	7,393.91	102,357.40	105,664.60	104,806.34
878 Meter & House Regulator Exp.	102,842.52	91,070.87	99,785.34	1,310,172.72	1,293,385.73	1,293,010.35
879 Customer Installations Exp.	67,375.65	57,315.89	68,509.23	980,642.65	962,831.28	940,940.19
880 Other Exp.	282,288.88	300,851.32	274,793.59	3,587,719.84	3,639,108.19	3,633,229.79
881 Rents	2,480.46	13,653.63	3,265.76	71,322.95	80,897.73	68,753.36
882 Transportation Exp.	-	-	-	-	-	-
Subtotal Operations	1,000,677.19	916,519.55	943,207.59	11,890,651.67	11,856,257.88	11,851,546.28
Maintenance						
885 Supervision & Engineering	12,095.66	13,793.10	11,783.09	157,919.57	151,760.56	144,079.87
886 Structures & Improvements	408.08	795.70	186.56	97,280.58	96,309.13	71,592.41
887 Mains	114,073.82	68,794.28	83,579.21	1,461,944.48	1,447,515.18	1,408,729.43
8880 Compressor Station	2,085.06	5,071.69	502.41	23,002.98	27,059.05	26,496.71
889 Meas. & Reg. Equip.-Gen.	23,808.65	25,011.81	33,729.95	298,761.03	309,054.88	321,838.84
890 Meas. & Reg. Equip.-Ind.	4,526.06	(1,206.41)	2,115.62	38,193.08	35,223.27	33,950.32
892 Services	115,348.40	81,072.07	89,699.49	1,329,958.66	1,308,252.22	1,294,246.68
893 Meters & House Regulators	82,399.17	55,085.28	77,410.08	1,089,457.31	1,065,596.76	1,059,483.77
894 Other Equipment	28,974.83	7,353.57	8,203.16	174,319.37	175,829.76	167,948.93
Subtotal Maintenance	383,719.73	255,771.09	307,209.57	4,670,837.06	4,616,600.81	4,528,366.96
TOTAL DISTRIBUTION EXPENSES	1,384,396.92	1,172,290.64	1,250,417.16	16,561,488.73	16,472,858.69	16,379,913.24
CUSTOMER ACCOUNTS EXPENSES						

Cascade Natural Gas Corporation
Washington Statement of Operations
Quarter Ending: 6/30/2015

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	April-15	May-15	June-15	Mar. 1, 2014 Through April 30, 2015	Apr. 1, 2014 Through May 30, 2015	May 1, 2014 Through June 30, 2015
901 Supervision	-	-	-	19.00	19.00	19.00
902 Meter Reading Exp.	34,384.28	43,003.55	38,522.61	500,439.84	506,456.09	511,427.24
903 Cust. Records & Collection Exp.	352,078.79	353,795.55	358,866.87	3,897,624.99	3,909,372.92	3,961,169.95
904 Uncollectible Accounts	(3,973.75)	24,725.58	(25,588.22)	1,001,274.39	998,339.25	951,763.69
905 Misc. Exp.	-	-	-	4,521.92	4,521.92	4,521.92
TOTAL CUSTOMER ACCOUNTS EXP.	382,489.32	421,524.68	371,801.26	5,403,880.14	5,418,709.18	5,428,901.80
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES						
907 Supervision	-	-	-	-	-	-
908 Cust. Assistance Exp.	73,601.58	78,177.79	109,509.15	1,097,966.70	1,095,732.54	1,017,769.94
909 Info. & Instr. Advertising Exp.	1,732.97	2,917.14	12,696.13	22,752.44	22,215.39	34,718.40
910 Misc. Cust. Serv. & Info. Exp.	-	-	-	269.26	269.26	-
TOTAL CUST. SRVC. & INFO. EXPENSES	75,334.55	81,094.93	122,205.28	1,120,988.40	1,118,217.19	1,052,488.34
SALES EXPENSES						
911 Supervision	-	-	-	-	-	-
912 Demonstrating & Selling	-	-	-	-	-	-
913 Advertising	19.99	1,441.00	961.64	5,314.27	6,515.27	5,332.94
916 Misc. Sales Exp.	-	-	-	-	-	-
TOTAL SALES EXPENSES	19.99	1,441.00	961.64	5,314.27	6,515.27	5,332.94
ADMINISTRATIVE AND GENERAL EXPENSES						
920 Admin. & General Salaries	435,167.60	436,453.45	431,995.73	5,115,621.44	5,119,342.09	5,360,273.17
921 Office Supplies & Exp.	305,687.56	230,486.70	206,897.06	3,516,221.99	3,446,349.50	3,257,756.61
923 Outside Services Employed	65,531.04	71,079.40	60,409.89	1,059,184.53	1,037,723.33	1,006,924.09
924 Property Insurance	5,153.19	5,153.19	5,153.19	55,429.34	56,251.27	57,073.20
925 Injuries & Damages	77,702.05	76,945.47	103,964.46	1,037,888.74	1,023,737.82	1,050,748.34
926 Employee Pensions & Benefits	473,466.74	309,844.23	221,262.56	4,436,773.98	4,633,156.38	4,563,006.42
928 Regulatory Commission Exp.	-	-	-	-	-	-
930.1 General Advertising Exp.	3,147.04	2,607.13	12,631.73	56,057.46	56,356.37	62,568.31
930.2 Misc. General Exp.	42,257.51	32,076.11	21,945.15	444,395.62	443,675.97	425,444.00
931 Rents	76,715.53	76,589.52	76,652.53	925,538.20	925,324.96	925,182.52
932 Maintenance of General Plant	6,239.43	2,940.29	1,417.89	23,530.36	23,785.61	22,095.05
	1,491,067.69	1,244,175.49	1,142,330.19	16,670,641.66	16,765,703.30	16,731,071.71
922 Capitalized Exp.	(35,241.30)	(36,733.84)	(32,377.43)	(395,805.07)	(390,210.04)	(390,886.13)
TOTAL ADM. & GEN. EXPENSES	1,455,826.39	1,207,441.65	1,109,952.76	16,274,836.59	16,375,493.26	16,340,185.58
TOTAL O&M EXPENSES (Excluding Gas Cost and	3,334,150.60	2,912,652.66	2,884,444.65	39,690,918.64	39,718,163.39	39,538,452.23
DEPRECIATION AND AMORTIZATION						
403 Depreciation Expense	1,466,617.35	1,466,870.58	1,470,577.45	17,179,523.47	17,241,426.65	17,311,776.62
Propane Air Plant	-	-	-	-	-	-
Telemetry	-	-	-	-	-	-
Meters & Regulators	-	-	-	-	-	-
Central Stores Warehouse	-	-	-	-	-	-
General Office	-	-	-	-	-	-
407.1 Amortization of Property Losses	-	-	-	-	-	-
TOTAL DEPRECIATION AND AMORTIZATION	1,466,617.35	1,466,870.58	1,470,577.45	17,179,523.47	17,241,426.65	17,311,776.62
407.3 Regulatory Debits	-	-	-	-	-	-
TAXES OTHER THAN INCOME TAXES						
408.1 Property, Payroll and Misc. Taxes	377,843.81	362,357.85	365,335.89	4,471,783.47	4,436,913.68	4,431,933.47
INCOME TAXES - OPERATING						
409.1 Federal Inc Taxes, Util Oper Inc	236,077.96	(188,897.46)	(379,455.42)	(6,020,794.64)	(6,000,590.19)	(5,184,277.27)
409.1 State Income Taxes, Util Oper Inc	-	-	-	-	-	-
410.1 Provision For Defer'd Fed Inc Tax	(58,391.00)	(54,321.43)	(245,914.55)	9,472,549.17	9,419,899.50	8,416,559.43
410.1 Provis'n For Defer'd State Inc Tax	-	-	-	-	-	-
411.1 Prov For Deferred Inc Tax - Credit	-	-	-	-	-	-
411.4 Investment Tax Credit Adjustments	(3,224.83)	(3,224.82)	(3,223.30)	(43,238.78)	(42,934.05)	(42,627.79)
TOTAL INCOME TAXES - OPERATING	174,462.13	(246,443.71)	(628,593.27)	3,408,515.75	3,376,375.26	3,189,654.37
* TOTAL OPERATING EXPENSES *	5,353,073.89	4,495,437.38	4,091,764.72	64,750,741.33	64,772,878.98	64,471,816.69
* TOTAL OPERATING INCOME *	1,029,314.35	183,163.11	(570,399.03)	13,451,223.12	30,500,198.99	13,303,721.20