

CASCADE NATURAL GAS CORPORATION
Washington Statement of Operations
QUARTERLY STATISTICAL INFORMATION

THERM SALES

	Monthly			12 Months Ending		
	October 2016	November 2016	December 2016	October 2016	November 2016	December 2016
Residential	7,591,383	11,828,870	25,000,297	108,496,927	104,827,787	110,466,745
Commercial	6,218,556	8,045,372	16,946,145	84,090,354	82,047,922	85,331,515
Industrial Firm	1,333,607	1,187,068	1,548,255	13,348,250	13,599,789	13,787,633
Core Interruptible	329,169	378,138	557,159	3,904,496	3,842,653	3,923,308
Noncore	53,420,952	53,596,303	68,029,134	747,779,025	725,986,792	724,141,999
TOTAL WASHINGTON	68,893,667	75,035,751	112,080,990	957,619,052	930,304,943	937,651,200

	AVERAGE CUSTOMERS		
	October 2016	November 2016	December 2016
Residential	182,260	183,064	183,815
Commercial	25,548	25,688	25,896
Industrial Firm	461	464	467
Core Interruptible	11	11	11
Noncore	207	208	206
TOTAL WASHINGTON	208,487	209,435	210,395

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 10/31/2016

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	12,502,072	184,755,960
Transportation Revenue	1,913,902	20,895,108
Other Operating Revenue	46,983	1,001,260
	<u>14,462,958</u>	<u>206,652,328</u>
Less: Natural Gas & Production Costs	6,753,718	107,095,230
Revenue Taxes	972,210	17,091,376
OPERATING MARGIN	<u>6,737,029</u>	<u>82,465,723</u>
OPERATING EXPENSES		
Production	56,048	504,419
Distribution	1,184,159	16,139,159
Customer Accounts	474,894	6,319,705
Customer Service & Informational	17,022	990,053
Sales	602	5,706
Administrative & General	1,482,918	16,400,606
Depreciation & Amortization	1,628,022	22,786,589
Property, Payroll & Misc. Taxes	324,441	4,104,070
Federal Income Taxes	220,597	1,390,705
Total Operating Expenses	<u>5,388,703</u>	<u>68,641,013</u>
NET OPERATING INCOME	<u>1,348,325</u>	<u>13,824,711</u>
RATE BASE		
	<u>302,704,903</u>	<u>286,161,495</u>
RATE OF RETURN		
	<u>0.45%</u>	<u>4.83%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	692,604,467	669,456,111
Accumulated Depreciation	(349,564,458)	(341,960,350)
Net Utility Plant	<u>343,040,009</u>	<u>327,495,760</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,044,318)	(3,704,751)
Accumulated Deferred Income Taxes	(74,034,509)	(73,310,468)
Deferred Debits	-	-
Subtotal	<u>264,961,183</u>	<u>250,480,541</u>
Working Capital	<u>37,743,721</u>	<u>35,680,953</u>
TOTAL RATE BASE	<u>302,704,903</u>	<u>286,161,495</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 11/30/2016

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	18,670,921	180,474,920
Transportation Revenue	1,914,449	20,910,304
Other Operating Revenue	66,187	994,725
	<u>20,651,558</u>	<u>202,379,949</u>
Less: Natural Gas & Production Costs	9,370,754	102,444,210
Revenue Taxes	1,339,266	16,862,563
OPERATING MARGIN	<u>9,941,538</u>	<u>83,073,177</u>
OPERATING EXPENSES		
Production	33,854	509,969
Distribution	1,519,835	16,449,033
Customer Accounts	463,415	6,239,737
Customer Service & Informational	7,574	920,645
Sales	602	5,439
Administrative & General	1,336,723	16,430,545
Depreciation & Amortization	1,639,184	22,913,201
Property, Payroll & Misc. Taxes	326,069	4,108,033
Federal Income Taxes	1,312,282	2,043,748
Total Operating Expenses	<u>6,639,538</u>	<u>69,620,350</u>
NET OPERATING INCOME	<u>3,301,999</u>	<u>13,452,827</u>
RATE BASE	<u>303,733,688</u>	<u>289,013,601</u>
RATE OF RETURN	<u>1.09%</u>	<u>4.65%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	696,212,894	673,711,939
Accumulated Depreciation	(351,008,138)	(343,515,610)
Net Utility Plant	<u>345,204,755</u>	<u>330,196,329</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,010,942)	(3,739,885)
Accumulated Deferred Income Taxes	(75,332,123)	(73,479,420)
Deferred Debits	-	-
Subtotal	<u>265,861,690</u>	<u>252,977,024</u>
Working Capital	37,871,998	36,036,577
TOTAL RATE BASE	<u>303,733,688</u>	<u>289,013,601</u>

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Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 12/31/2016

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	32,327,788	182,902,833
Transportation Revenue	2,089,816	21,216,454
Other Operating Revenue	92,630	1,011,375
	<u>34,510,234</u>	<u>205,130,662</u>
Less: Natural Gas & Production Costs	19,273,131	103,593,865
Revenue Taxes	2,583,858	16,946,341
OPERATING MARGIN	<u>12,653,246</u>	<u>84,590,457</u>
OPERATING EXPENSES		
Production	40,010	518,989
Distribution	1,473,300	16,326,277
Customer Accounts	687,228	6,383,108
Customer Service & Informational	6,730	824,096
Sales	-	4,917
Administrative & General	1,788,619	16,459,958
Depreciation & Amortization	1,643,523	19,218,442
Property, Payroll & Misc. Taxes	350,044	4,095,634
Federal Income Taxes	2,226,648	4,154,374
Total Operating Expenses	<u>8,216,102</u>	<u>67,985,795</u>
NET OPERATING INCOME	<u>4,437,144</u>	<u>16,604,662</u>
RATE BASE	<u>306,519,358</u>	<u>291,442,556</u>
RATE OF RETURN	<u>1.45%</u>	<u>5.70%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	699,928,118	677,494,189
Accumulated Depreciation	(352,356,614)	(344,952,444)
Net Utility Plant	<u>347,571,504</u>	<u>332,541,745</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,966,119)	(3,771,590)
Accumulated Deferred Income Taxes	(75,305,364)	(73,667,038)
Deferred Debits	-	-
Subtotal	<u>268,300,020</u>	<u>255,103,117</u>
Working Capital	38,219,338	36,339,439
TOTAL RATE BASE	<u>306,519,358</u>	<u>291,442,556</u>

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STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	October-16	November-16	December-16	November 1, 2015 Through October 31, 2016	December 1, 2015 Through November 30, 2016	Jan 1, 2016 Through Dec. 31, 2016
GAS SALES						
480 Residential Sales	6,694,076.36	11,070,929.69	19,187,561.30	101,619,667.15	98,965,709.17	100,892,687.81
481 Commercial - Interruptible Sales	5,807,995.64	7,599,991.48	13,140,226.65	83,136,292.56	81,509,211.09	82,010,145.06
TOTAL GAS SALES	12,502,072.00	18,670,921.17	32,327,787.95	184,755,959.71	180,474,920.26	182,902,832.87
OTHER OPERATING REVENUE						
4880 Miscellaneous Service Revenues	58,977.65	52,594.04	70,105.28	819,748.48	805,265.33	810,183.03
4890 Rev. From Transp. of Gas of Others	1,913,902.44	1,914,448.93	2,089,816.14	20,895,108.48	20,910,303.73	21,216,454.40
4930 Rent From Gas Property	-	-	-	100.00	100.00	100.00
4940 Interdepartmental Rents	7,622.59	7,622.59	7,622.59	89,183.30	90,327.19	91,471.08
4950 Other Gas Revenue	(19,617.04)	5,970.82	14,902.49	92,228.37	99,032.97	109,620.85
495.1 Ovrerrun Penalty Income	-	-	-	-	-	-
TOTAL OTHER OPERATING REVENUE	1,960,885.64	1,980,636.38	2,182,446.50	21,896,368.63	21,905,029.22	22,227,829.36
* TOTAL OPERATING REVENUE *	14,462,957.64	20,651,557.55	34,510,234.45	206,652,328.34	202,379,949.48	205,130,662.23
NATURAL GAS PURCHASED						
804 Natural Gas City Gate Purchases	8,190,090.58	11,082,224.71	18,680,273.51	104,186,051.73	104,370,664.91	109,308,158.06
805 Other Gas Purchases	-	-	-	-	-	-
805.1 Purchased Gas Cost Adjustments	(1,435,630.91)	(1,742,054.82)	(1,223,996.84)	3,799,518.27	(479,996.98)	(5,591,759.05)
808.1 Gas Withdrawn From Storage	-	8,007.96	1,820,985.93	3,345,946.65	2,764,990.21	4,086,793.55
808.2 Gas Delivered To Storage	-	24,239.48	-	(4,207,894.22)	(4,183,654.74)	(4,183,654.74)
812 Gas Used For Other Utility Oper.	(741.18)	(1,663.42)	(4,131.99)	(28,392.91)	(27,793.46)	(25,673.30)
TOTAL NATURAL GAS PURCHASED	6,753,718.49	9,370,753.91	19,273,130.61	107,095,229.52	102,444,209.94	103,593,864.52
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	972,210.42	1,339,266.07	2,583,857.81	17,091,375.50	16,862,562.90	16,946,340.53
* OPERATING MARGIN *	6,737,028.73	9,941,537.57	12,653,246.03	82,465,723.32	83,073,176.64	84,590,457.18
PRODUCTION EXPENSES						
813 Other Gas Supply Expenses	56,047.73	33,854.19	40,009.56	504,419.28	509,969.24	518,988.74
DISTRIBUTION EXPENSES						
Operation						
870 Oper., Supervision & Engineering	116,393.94	148,617.09	113,110.89	1,450,233.66	1,499,521.89	1,448,211.33
871 Distribution Load Dispatching	41,994.30	40,214.39	44,440.35	481,072.39	485,195.40	485,521.20
872 Compressor Station	11,371.77	6,312.36	5,051.75	116,777.73	118,477.18	111,564.47
874 Mains & Services Exp.	238,434.70	354,096.18	250,798.13	3,472,246.55	3,529,319.56	3,511,771.75
875 Meas. & Reg. Stat. Exp.-Gen.	39,846.99	86,057.62	48,369.82	522,240.93	578,055.27	589,952.03
876 Meas. & Reg. Stat. Exp.-Ind.	8,059.75	28,771.75	18,150.41	121,079.71	146,751.65	152,144.18
878 Meter & House Regulator Exp.	119,109.26	115,440.44	117,589.20	1,340,136.05	1,331,784.86	1,321,461.11
879 Customer Installations Exp.	95,256.16	104,812.19	114,124.99	1,053,766.75	1,054,464.65	1,049,257.67
880 Other Exp.	154,641.99	261,076.37	290,041.46	3,319,870.87	3,336,293.76	3,288,198.20
881 Rents	2,556.37	12,287.23	35,525.73	150,816.74	151,839.00	149,900.68
882 Transportation Exp.	-	-	-	-	-	-
Subtotal Operations	827,665.23	1,157,685.62	1,037,202.73	12,028,241.38	12,231,703.22	12,107,982.62
Maintenance						
885 Supervision & Engineering	13,341.99	13,129.11	3,681.01	161,926.03	165,297.20	133,820.43
886 Structures & Improvements	311.40	793.02	6,811.77	14,445.24	14,801.42	15,834.83
887 Mains	146,366.21	121,203.32	172,161.05	1,125,956.15	1,190,442.33	1,254,096.60
8880 Compressor Station	4,019.48	10,279.03	1,129.56	33,469.40	43,056.00	43,235.80
889 Meas. & Reg. Equip.-Gen.	40,511.93	22,821.06	38,425.21	319,552.00	318,246.34	333,251.69
890 Meas. & Reg. Equip.-Ind.	1,883.90	888.55	2,801.46	19,214.26	20,765.41	21,279.35
892 Services	74,270.37	96,250.05	98,698.85	1,205,507.50	1,211,246.83	1,177,025.96
893 Meters & House Regulators	67,159.85	85,496.55	88,302.54	1,081,240.39	1,101,459.43	1,093,174.45
894 Other Equipment	8,628.19	11,288.91	24,086.12	149,606.32	152,014.75	146,575.66
Subtotal Maintenance	356,493.32	362,149.60	436,097.57	4,110,917.29	4,217,329.71	4,218,294.77
TOTAL DISTRIBUTION EXPENSES	1,184,158.55	1,519,835.22	1,473,300.30	16,139,158.67	16,449,032.93	16,326,277.39
CUSTOMER ACCOUNTS EXPENSES						
901 Supervision	-	-	(2,727.79)	4,149.41	4,149.41	(2,727.79)
902 Meter Reading Exp.	51,105.32	36,197.44	34,390.14	553,861.91	535,547.11	522,898.09
903 Cust. Records & Collection Exp.	380,896.81	400,526.52	421,774.31	5,071,574.99	5,123,497.11	5,084,074.27
904 Uncollectible Accounts	42,892.33	26,690.75	233,791.33	688,191.26	575,747.12	778,067.74

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	October-16	November-16	December-16	November 1, 2015 Through October 31, 2016	December 1, 2015 Through November 30, 2016	Jan 1, 2016 Through Dec. 31, 2016
905 Misc. Exp.	-	-	-	1,927.41	795.98	795.98
TOTAL CUSTOMER ACCOUNTS EXP.	474,894.46	463,414.71	687,227.99	6,319,704.98	6,239,736.73	6,383,108.29
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES						
907 Supervision	-	-	-	-	-	-
908 Cust. Assistance Exp.	12,968.82	4,133.74	6,017.82	950,064.38	879,853.72	784,194.28
909 Info. & Instr. Advertising Exp.	4,053.35	3,440.13	712.41	39,988.69	40,791.14	39,901.36
910 Misc. Cust. Serv. & Info. Exp.	-	-	-	-	-	-
TOTAL CUST. SRVC. & INFO. EXPENSES	17,022.17	7,573.87	6,730.23	990,053.07	920,644.86	824,095.64
SALES EXPENSES						
911 Supervision	-	-	-	-	-	-
912 Demonstrating & Selling	-	-	-	-	-	-
913 Advertising	602.16	602.16	-	5,706.37	5,439.35	4,916.59
916 Misc. Sales Exp.	-	-	-	-	-	-
TOTAL SALES EXPENSES	602.16	602.16	-	5,706.37	5,439.35	4,916.59
ADMINISTRATIVE AND GENERAL EXPENSES						
920 Admin. & General Salaries	465,358.35	472,638.20	579,997.84	5,345,710.96	5,425,854.32	5,584,155.78
921 Office Supplies & Exp.	229,142.79	120,495.17	233,592.43	2,726,782.44	2,611,537.64	2,457,862.83
923 Outside Services Employed	50,569.87	65,090.66	149,018.79	1,084,945.38	1,021,961.18	997,704.96
924 Property Insurance	4,909.61	5,160.39	4,902.97	60,838.78	60,742.05	60,387.90
925 Injuries & Damages	82,491.58	77,781.59	175,513.43	957,809.09	967,650.19	1,073,773.60
926 Employee Pensions & Benefits	535,648.14	476,022.48	469,942.74	4,475,027.05	4,584,040.63	4,474,822.82
928 Regulatory Commission Exp.	-	-	-	-	-	-
930.1 General Advertising Exp.	2,424.53	4,321.88	17,522.64	43,572.30	32,614.09	49,800.45
930.2 Misc. General Exp.	33,618.30	35,063.10	76,528.87	742,301.31	748,999.13	774,898.59
931 Rents	103,270.38	102,655.45	102,498.66	1,191,354.37	1,213,933.27	1,238,673.51
932 Maintenance of General Plant	1,856.14	3,600.55	7,690.54	28,755.91	28,550.24	32,843.20
	1,509,289.69	1,362,829.47	1,817,208.91	16,657,097.59	16,695,882.74	16,744,923.64
	(26,371.62)	(26,106.49)	(28,589.45)	(256,492.06)	(265,337.76)	(284,965.68)
TOTAL ADM. & GEN. EXPENSES	1,482,918.07	1,336,722.98	1,788,619.46	16,400,605.53	16,430,544.98	16,459,957.96
TOTAL O&M EXPENSES (Excluding Gas Cost and	3,215,643.14	3,362,003.13	3,995,887.54	40,359,647.90	40,555,368.09	40,517,344.61
DEPRECIATION AND AMORTIZATION						
403 Depreciation Expense	1,628,022.37	1,639,183.98	1,643,522.82	22,786,589.03	22,913,200.57	19,218,442.35
Propane Air Plant	-	-	-	-	-	-
Telemetry	-	-	-	-	-	-
Meters & Regulators	-	-	-	-	-	-
Central Stores Warehouse	-	-	-	-	-	-
General Office	-	-	-	-	-	-
407.1 Amortization of Property Losses	-	-	-	-	-	-
TOTAL DEPRECIATION AND AMORTIZATION	1,628,022.37	1,639,183.98	1,643,522.82	22,786,589.03	22,913,200.57	19,218,442.35
407.3 Regulatory Debits	-	-	-	-	-	-
TAXES OTHER THAN INCOME TAXES						
408.1 Property, Payroll and Misc. Taxes	324,441.31	326,069.36	350,044.16	4,104,070.43	4,108,033.08	4,095,633.81
INCOME TAXES - OPERATING						
409.1 Federal Inc Taxes, Util Oper Inc	261,437.28	40,801.87	2,676,977.78	(686,980.60)	275.08	3,159,842.45
409.1 State Income Taxes, Util Oper Inc	-	-	-	-	-	-
410.1 Provision For Defer'd Fed Inc Tax	(37,727.10)	1,274,613.43	(447,216.51)	2,116,775.94	2,082,454.46	1,031,914.19
410.1 Provis'n For Defer'd State Inc Tax	-	-	-	-	-	-
411.1 Prov For Deferred Inc Tax - Credit	-	-	-	-	-	-
411.4 Investment Tax Credit Adjustments	(3,113.54)	(3,133.45)	(3,113.54)	(39,090.07)	(38,981.35)	(37,382.41)
TOTAL INCOME TAXES - OPERATING	220,596.64	1,312,281.85	2,226,647.73	1,390,705.27	2,043,748.19	4,154,374.23
* TOTAL OPERATING EXPENSES *	5,388,703.46	6,639,538.32	8,216,102.25	68,641,012.63	69,620,349.93	67,985,795.00
* TOTAL OPERATING INCOME *	1,348,325.27	3,301,999.25	4,437,143.78	13,824,710.69	13,452,826.71	16,604,662.18