

**CASCADE NATURAL GAS CORPORATION**  
Washington Statement of Operations  
**QUARTERLY STATISTICAL INFORMATION**

**THERM SALES**

	<b>Monthly</b>			<b>12 Months Ending</b>		
	January 2016	February 2016	March 2016	January 2016	February 2016	March 2016
<b>Residential</b>	19,871,717	12,528,080	12,039,152	102,984,427	104,388,595	106,566,293
<b>Commercial</b>	14,912,714	9,799,203	8,806,298	80,372,360	81,216,259	83,016,479
<b>Industrial Firm</b>	1,722,828	1,421,652	1,579,035	13,062,302	12,869,978	13,164,827
<b>Core Interruptible</b>	492,374	401,562	399,567	4,081,147	4,062,917	4,058,809
<b>Noncore</b>	73,027,260	63,009,506	46,827,836	774,877,322	791,022,103	779,199,743
<b>TOTAL WASHINGTON</b>	110,026,893	87,160,003	69,651,888	975,377,558	993,559,852	986,006,151

	<b>AVERAGE CUSTOMERS</b>		
	January 2016	February 2016	March 2016
<b>Residential</b>	181,443	181,575	181,545
<b>Commercial</b>	25,632	25,614	25,580
<b>Industrial Firm</b>	462	463	463
<b>Core Interruptible</b>	11	11	11
<b>Noncore</b>	203	203	203
<b>TOTAL WASHINGTON</b>	207,751	207,866	207,802

Cascade Natural Gas Corporation  
State of Washington  
Statement of Operations and Rate of Return  
Month and Twelve Months Ended 1/31/2016

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	31,998,192	192,149,209
Transportation Revenue	1,819,145	20,522,054
Other Operating Revenue	85,613	972,816
	<u>33,902,950</u>	<u>213,644,078</u>
Less: Natural Gas & Production Costs	19,227,330	116,552,537
Revenue Taxes	3,023,230	18,014,142
OPERATING MARGIN	<u>11,652,390</u>	<u>79,077,400</u>
OPERATING EXPENSES		
Production	79,347	393,546
Distribution	1,283,464	15,770,500
Customer Accounts	665,035	5,679,616
Customer Service & Informational	78,348	1,108,186
Sales	-	12,625
Administrative & General	1,454,045	15,424,476
Depreciation & Amortization	1,561,892	21,680,028
Property, Payroll & Misc. Taxes	394,375	3,965,616
Federal Income Taxes	1,793,129	2,149,159
Total Operating Expenses	<u>7,309,634</u>	<u>66,183,752</u>
NET OPERATING INCOME	<u>4,342,756</u>	<u>12,893,648</u>
RATE BASE	<u>288,565,249</u>	<u>264,723,604</u>
RATE OF RETURN	<u>1.50%</u>	<u>4.87%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	667,635,074	637,024,305
Accumulated Depreciation	(337,843,009)	(328,405,782)
Net Utility Plant	<u>329,792,065</u>	<u>308,618,523</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,583,216)	(3,278,548)
Accumulated Deferred Income Taxes	(73,624,273)	(73,624,273)
Deferred Debits	-	-
Subtotal	<u>252,584,576</u>	<u>231,715,702</u>
Working Capital	<u>35,980,673</u>	<u>33,007,902</u>
TOTAL RATE BASE	<u>288,565,249</u>	<u>264,723,604</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 2/29/2016

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	21,313,526	190,170,444
Transportation Revenue	1,707,953	20,654,844
Other Operating Revenue	126,192	996,411
	<u>23,147,672</u>	<u>211,821,699</u>
Less: Natural Gas & Production Costs	12,539,594	114,268,303
Revenue Taxes	2,187,096	17,749,066
OPERATING MARGIN	<u>8,420,982</u>	<u>79,804,330</u>
OPERATING EXPENSES		
Production	31,605	399,912
Distribution	1,203,135	15,744,107
Customer Accounts	531,145	5,796,882
Customer Service & Informational Sales	73,395	1,104,134
	-	12,475
Administrative & General	1,286,860	15,623,872
Depreciation & Amortization	1,600,121	21,825,532
Property, Payroll & Misc. Taxes	384,596	3,985,087
Federal Income Taxes	855,354	2,225,286
Total Operating Expenses	<u>5,966,209</u>	<u>66,717,288</u>
NET OPERATING INCOME	<u>2,454,773</u>	<u>13,087,041</u>
RATE BASE	<u>281,751,221</u>	<u>266,713,825</u>
RATE OF RETURN	<u>0.87%</u>	<u>4.91%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	662,911,177	640,404,619
Accumulated Depreciation	<u>(339,116,234)</u>	<u>(329,976,253)</u>
Net Utility Plant	323,794,943	310,428,366
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,585,194)	(3,381,028)
Accumulated Deferred Income Taxes	(73,589,572)	(73,589,572)
Deferred Debits	-	-
Subtotal	<u>246,620,177</u>	<u>233,457,766</u>
Working Capital	35,131,044	33,256,059
TOTAL RATE BASE	<u>281,751,221</u>	<u>266,713,825</u>

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Cascade Natural Gas Corporation  
State of Washington  
Statement of Operations and Rate of Return  
Month and Twelve Months Ended 3/31/2016

	Month	Twelve Months
<b>OPERATING REVENUES</b>		
Natural Gas Sales	20,093,768	190,708,936
Transportation Revenue	1,601,633	20,578,403
Other Operating Revenue	109,359	1,211,460
	<u>21,804,760</u>	<u>212,498,799</u>
Less: Natural Gas & Production Costs	11,846,213	113,693,851
Revenue Taxes	1,987,268	17,706,234
<b>OPERATING MARGIN</b>	<u>7,971,280</u>	<u>81,098,714</u>
<b>OPERATING EXPENSES</b>		
Production	28,546	403,314
Distribution	1,361,722	15,805,488
Customer Accounts	512,018	5,884,966
Customer Service & Informational Sales	126,674	1,105,444
	-	12,160
Administrative & General	1,168,265	15,443,753
Depreciation & Amortization	1,551,546	21,920,398
Property, Payroll & Misc. Taxes	411,147	4,016,314
Federal Income Taxes	685,468	2,610,128
Total Operating Expenses	<u>5,845,385</u>	<u>67,201,966</u>
<b>NET OPERATING INCOME</b>	<u>2,125,895</u>	<u>13,896,747</u>
<b>RATE BASE</b>	<u>282,819,161</u>	<u>269,047,072</u>
<b>RATE OF RETURN</b>	<u>0.75%</u>	<u>5.17%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	664,755,404	643,762,537
Accumulated Depreciation	<u>(340,322,467)</u>	<u>(331,507,210)</u>
Net Utility Plant	324,432,937	312,255,327
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,564,115)	(3,441,377)
Accumulated Deferred Income Taxes	(73,313,865)	(73,313,865)
Deferred Debits	-	-
Subtotal	<u>247,554,958</u>	<u>235,500,085</u>
Working Capital	35,264,204	33,546,987
<b>TOTAL RATE BASE</b>	<u>282,819,161</u>	<u>269,047,072</u>

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Cascade Natural Gas Corporation  
Washington Statement of Operations  
Quarter Ending: 3/31/2016

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	January-16	February-16	March-16	Dec. 1, 2015 Through 31, 2016	Jan. 1, 2015 Through Feb. 29, 2016	Feb. 1, 2015 Through Mar. 31, 2016
	<b>GAS SALES</b>					
480 Residential Sales	17,903,096.14	11,662,706.92	11,186,403.87	104,104,610.07	103,434,421.47	103,647,554.95
481 Commercial - Interruptible Sales	14,095,095.82	9,650,819.45	8,907,363.70	88,044,598.85	86,736,022.97	87,061,381.37
<b>TOTAL GAS SALES</b>	<b>31,998,191.96</b>	<b>21,313,526.37</b>	<b>20,093,767.57</b>	<b>192,149,208.92</b>	<b>190,170,444.44</b>	<b>190,708,936.32</b>
<b>OTHER OPERATING REVENUE</b>						
4880 Miscellaneous Service Revenues	76,873.51	94,786.57	85,347.50	679,184.36	683,983.68	878,559.80
4890 Rev. From Transp. of Gas of Others	1,819,145.23	1,707,953.46	1,601,633.48	20,522,053.99	20,654,844.03	20,578,402.71
4930 Rent From Gas Property	-	-	-	2,371.90	2,371.90	2,371.90
4940 Interdepartmental Rents	7,622.59	7,622.59	7,622.59	79,065.50	80,032.18	81,176.07
4950 Other Gas Revenue	1,116.93	23,782.57	16,389.33	212,193.78	230,022.90	249,351.83
495.1 Overrun Penalty Income	-	-	-	-	-	-
<b>TOTAL OTHER OPERATING REVENUE</b>	<b>1,904,758.26</b>	<b>1,834,145.19</b>	<b>1,710,992.90</b>	<b>21,494,869.53</b>	<b>21,651,254.69</b>	<b>21,789,862.31</b>
<b>* TOTAL OPERATING REVENUE *</b>	<b>33,902,950.22</b>	<b>23,147,671.56</b>	<b>21,804,760.47</b>	<b>213,644,078.45</b>	<b>211,821,699.13</b>	<b>212,498,798.63</b>
<b>NATURAL GAS PURCHASED</b>						
804 Natural Gas City Gate Purchases	14,284,192.93	10,214,729.63	8,448,570.87	108,860,811.68	106,650,678.60	106,021,633.47
805 Other Gas Purchases	-	-	-	-	-	-
805.1 Purchased Gas Cost Adjustments	4,776,362.65	2,065,450.40	1,804,210.71	6,922,536.19	6,276,633.54	6,250,795.30
808.1 Gas Withdrawn From Storage	392,901.77	264,416.72	1,597,958.59	4,301,901.69	4,556,538.73	4,636,900.16
808.2 Gas Delivered To Storage	(220,503.35)	-	(38.92)	(3,495,161.83)	(3,180,411.75)	(3,180,450.67)
812 Gas Used For Other Utility Oper.	(5,623.99)	(5,002.90)	(4,488.74)	(37,550.73)	(35,135.65)	(35,027.61)
<b>TOTAL NATURAL GAS PURCHASED</b>	<b>19,227,330.01</b>	<b>12,539,593.85</b>	<b>11,846,212.51</b>	<b>116,552,537.00</b>	<b>114,268,303.47</b>	<b>113,693,850.65</b>
<b>MANUFACTURED GAS PRODUCTION</b>						
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	-	-	-	-	-	-
<b>TOTAL MANUFACTURED GAS PRODUCTION EXPENSE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
408.5 Revenue Taxes	3,023,230.31	2,187,095.68	1,987,267.87	18,014,141.63	17,749,065.84	17,706,234.34
<b>* OPERATING MARGIN *</b>	<b>11,652,389.90</b>	<b>8,420,982.03</b>	<b>7,971,280.09</b>	<b>79,077,399.82</b>	<b>79,804,329.82</b>	<b>81,098,713.64</b>
<b>PRODUCTION EXPENSES</b>						
813 Other Gas Supply Expenses	79,346.54	31,604.53	28,545.92	393,545.74	399,911.93	403,314.44
<b>DISTRIBUTION EXPENSES</b>						
<b>Operation</b>						
870 Oper., Supervision & Engineering	114,598.47	116,121.40	143,540.34	1,322,867.09	1,325,271.18	1,355,699.15
871 Distribution Load Dispatching	38,148.59	36,790.87	45,857.21	462,674.36	451,173.96	457,716.17
872 Compressor Station	7,755.77	15,479.40	11,697.20	92,701.81	98,485.54	102,611.01
874 Mains & Services Exp.	307,501.21	229,374.58	254,494.39	3,399,550.65	3,368,833.14	3,378,608.06
875 Meas. & Reg. Stat. Exp.-Gen.	46,955.35	43,794.13	43,310.15	516,045.52	551,285.64	538,205.05
876 Meas. & Reg. Stat. Exp.-Ind.	7,436.87	14,767.33	11,132.09	110,757.28	113,428.12	119,445.03
878 Meter & House Regulator Exp.	90,022.82	102,272.51	97,915.48	1,321,640.68	1,320,687.48	1,314,599.71
879 Customer Installations Exp.	86,055.27	79,173.05	85,462.25	999,164.41	996,590.95	1,009,201.05
880 Other Exp.	271,087.93	272,417.28	289,906.21	3,461,296.45	3,409,537.21	3,377,490.69
881 Rents	4,916.72	11,447.92	9,212.28	97,877.63	105,400.86	112,276.12
882 Transportation Exp.	-	-	-	-	-	-
<b>Subtotal Operations</b>	<b>974,479.00</b>	<b>921,638.47</b>	<b>992,527.60</b>	<b>11,784,575.88</b>	<b>11,740,694.08</b>	<b>11,765,852.04</b>
<b>Maintenance</b>						
885 Supervision & Engineering	12,865.13	12,189.66	14,217.22	164,800.82	163,790.59	165,534.56
886 Structures & Improvements	-	1,155.60	129.38	9,379.94	10,157.17	10,193.27
887 Mains	73,783.34	44,608.83	87,008.85	1,044,570.65	1,029,534.42	1,031,182.55
8880 Compressor Station	10,874.85	1,463.61	1,405.25	33,439.95	34,288.74	32,148.60
889 Meas. & Reg. Equip.-Gen.	17,847.82	26,168.25	37,405.10	298,248.06	311,523.08	312,839.25
890 Meas. & Reg. Equip.-Ind.	326.20	2,990.88	2,525.89	30,277.73	31,148.43	26,173.56
892 Services	78,315.69	90,317.43	111,098.82	1,199,191.21	1,207,075.94	1,223,837.40
893 Meters & House Regulators	101,391.18	94,146.68	100,758.24	1,012,192.05	1,024,305.58	1,051,831.20
894 Other Equipment	13,581.10	8,455.13	14,645.90	193,823.42	191,589.34	185,895.78
<b>Subtotal Maintenance</b>	<b>308,985.31</b>	<b>281,496.07</b>	<b>369,194.65</b>	<b>3,985,923.83</b>	<b>4,003,413.29</b>	<b>4,039,636.17</b>
<b>TOTAL DISTRIBUTION EXPENSES</b>	<b>1,283,464.31</b>	<b>1,203,134.54</b>	<b>1,361,722.25</b>	<b>15,770,499.71</b>	<b>15,744,107.37</b>	<b>15,805,488.21</b>
<b>CUSTOMER ACCOUNTS EXPENSES</b>						

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Washington Statement of Operations  
Quarter Ending: 3/31/2016

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	January-16	February-16	March-16	Dec. 1, 2015 Through 31, 2016	Jan. 1, 2015 Through Jan. Feb. 29, 2016	Feb. 1, 2015 Through Mar. 31, 2016
901 Supervision	-	-	40,494.59	4,149.41	4,149.41	4,149.41
902 Meter Reading Exp.	58,775.16	37,461.60	454,555.88	533,252.44	521,551.89	526,447.24
903 Cust. Records & Collection Exp.	388,011.05	468,095.36	16,967.47	4,467,871.86	4,576,465.45	4,621,325.59
904 Uncollectible Accounts	218,236.12	25,587.54	-	673,140.58	693,513.53	731,842.27
905 Misc. Exp.	12.81	-	-	1,201.59	1,201.59	1,201.59
<b>TOTAL CUSTOMER ACCOUNTS EXP.</b>	<b>665,035.14</b>	<b>531,144.50</b>	<b>512,017.94</b>	<b>5,679,615.88</b>	<b>5,796,881.87</b>	<b>5,884,966.10</b>
<b>CUSTOMER SERVICE AND INFORMATIONAL EXPENSES</b>						
907 Supervision	-	-	-	-	-	-
908 Cust. Assistance Exp.	78,086.69	72,895.99	124,464.33	1,075,502.09	1,071,012.49	1,074,436.43
909 Info. & Instr. Advertising Exp.	260.93	499.00	2,209.33	32,683.97	33,121.80	31,007.23
910 Misc. Cust. Serv. & Info. Exp.	-	-	-	-	-	-
<b>TOTAL CUST. SRVC. &amp; INFO. EXPENSES</b>	<b>78,347.62</b>	<b>73,394.99</b>	<b>126,673.66</b>	<b>1,108,186.06</b>	<b>1,104,134.29</b>	<b>1,105,443.66</b>
<b>SALES EXPENSES</b>						
911 Supervision	-	-	-	-	-	-
912 Demonstrating & Selling	-	-	-	-	-	-
913 Advertising	-	-	-	12,625.27	12,475.27	12,160.27
916 Misc. Sales Exp.	-	-	-	-	-	-
<b>TOTAL SALES EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,625.27</b>	<b>12,475.27</b>	<b>12,160.27</b>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>						
920 Admin. & General Salaries	432,624.39	439,915.63	481,832.51	4,802,379.91	4,858,786.59	4,969,622.27
921 Office Supplies & Exp.	164,281.39	271,419.50	186,704.76	2,642,935.63	2,801,805.33	2,701,283.77
923 Outside Services Employed	60,891.68	62,652.31	74,374.66	1,076,642.42	1,011,734.62	968,937.51
924 Property Insurance	4,901.52	4,901.52	4,901.52	61,794.44	61,542.77	61,291.10
925 Injuries & Damages	74,968.89	19,508.28	89,317.45	941,201.25	875,365.41	871,691.12
926 Employee Pensions & Benefits	463,279.87	364,781.13	175,437.93	4,637,820.35	4,764,779.44	4,542,413.93
928 Regulatory Commission Exp.	-	-	-	-	-	-
930.1 General Advertising Exp.	664.97	937.40	11,769.26	16,985.40	5,820.15	15,635.17
930.2 Misc. General Exp.	177,665.26	44,998.92	76,697.12	624,078.30	586,730.13	637,228.79
931 Rents	85,611.16	93,476.58	86,248.75	933,541.22	950,902.24	959,961.46
932 Maintenance of General Plant	2,180.92	7,256.76	1,900.26	35,550.17	41,043.42	40,848.73
922 Capitalized Exp.	1,467,070.05	1,309,848.03	1,189,184.22	15,772,929.09	15,957,910.10	15,768,913.85
	(13,025.42)	(22,987.94)	(20,919.40)	(348,452.84)	(334,038.22)	(325,160.49)
<b>TOTAL ADM. &amp; GEN. EXPENSES</b>	<b>1,454,044.63</b>	<b>1,286,860.09</b>	<b>1,168,264.82</b>	<b>15,424,476.25</b>	<b>15,623,871.88</b>	<b>15,443,753.36</b>
<b>TOTAL O&amp;M EXPENSES (Excluding Gas Cost and</b>	<b>3,560,238.24</b>	<b>3,126,138.65</b>	<b>3,197,224.59</b>	<b>38,388,948.91</b>	<b>38,681,382.61</b>	<b>38,655,126.04</b>
<b>DEPRECIATION AND AMORTIZATION</b>						
403 Depreciation Expense	1,561,892.05	1,600,120.78	1,551,545.57	21,680,027.84	21,825,532.41	21,920,398.06
Propane Air Plant	-	-	-	-	-	-
Telemetry	-	-	-	-	-	-
Meters & Regulators	-	-	-	-	-	-
Central Stores Warehouse	-	-	-	-	-	-
General Office	-	-	-	-	-	-
407.1 Amortization of Property Losses	-	-	-	-	-	-
<b>TOTAL DEPRECIATION AND AMORTIZATION</b>	<b>1,561,892.05</b>	<b>1,600,120.78</b>	<b>1,551,545.57</b>	<b>21,680,027.84</b>	<b>21,825,532.41</b>	<b>21,920,398.06</b>
407.3 Regulatory Debits	-	-	-	-	-	-
<b>TAXES OTHER THAN INCOME TAXES</b>						
408.1 Property, Payroll and Misc. Taxes	394,374.78	384,596.10	411,147.03	3,965,616.15	3,985,087.18	4,016,314.01
<b>INCOME TAXES - OPERATING</b>						
409.1 Federal Inc Taxes, Util Oper Inc	1,829,270.57	886,954.44	935,493.88	2,138,433.60	2,174,709.26	2,787,107.09
409.1 State Income Taxes, Util Oper Inc	-	-	-	-	-	-
410.1 Provision For Defer'd Fed Inc Tax	(32,983.56)	(28,442.04)	(246,867.39)	50,859.35	90,644.66	(136,977.30)
410.1 Provis'n For Defer'd State Inc Tax	-	-	-	-	-	-
411.1 Prov For Deferred Inc Tax - Credit	-	-	-	-	-	-
411.4 Investment Tax Credit Adjustments	(3,158.51)	(3,158.52)	(3,158.51)	(40,134.05)	(40,067.75)	(40,001.43)
<b>TOTAL INCOME TAXES - OPERATING</b>	<b>1,793,128.50</b>	<b>855,353.88</b>	<b>685,467.98</b>	<b>2,149,158.90</b>	<b>2,225,286.17</b>	<b>2,610,128.36</b>
<b>* TOTAL OPERATING EXPENSES *</b>	<b>7,309,633.57</b>	<b>5,966,209.41</b>	<b>5,845,385.17</b>	<b>66,183,751.80</b>	<b>66,717,288.37</b>	<b>67,201,966.47</b>
<b>* TOTAL OPERATING INCOME *</b>	<b>4,342,756.33</b>	<b>2,454,772.62</b>	<b>2,125,894.92</b>	<b>12,893,648.02</b>	<b>13,087,041.45</b>	<b>13,896,747.17</b>