

CASCADE NATURAL GAS CORPORATION
Washington Statement of Operations
QUARTERLY STATISTICAL INFORMATION

THERM SALES

	Monthly			12 Months Ending		
	July 2016	August 2016	September 2016	July 2016	August 2016	September 2016
Residential	2,922,023	2,428,238	3,518,975	105,745,246	106,498,871	106,513,919
Commercial	3,012,775	2,666,269	3,692,692	81,960,234	82,655,892	82,882,266
Industrial Firm	619,421	833,412	886,709	13,380,372	13,627,610	13,406,894
Core Interruptible	228,897	180,012	233,405	3,908,838	3,888,919	3,873,219
Noncore	66,329,579	82,640,639	67,183,028	751,143,833	765,217,351	765,654,694
TOTAL WASHINGTON	73,112,695	88,748,570	75,514,809	956,138,523	971,888,643	972,330,992

	AVERAGE CUSTOMERS		
	July 2016	August 2016	September 2016
Residential	180,964	180,759	181,088
Commercial	25,377	25,348	25,354
Industrial Firm	462	462	461
Core Interruptible	11	11	11
Noncore	206	206	207
TOTAL WASHINGTON	207,020	206,786	207,121

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 7/31/2016

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	6,648,802	183,353,616
Transportation Revenue	1,677,453	20,366,675
Other Operating Revenue	57,859	1,147,883
	<u>8,384,114</u>	<u>204,868,174</u>
Less: Natural Gas & Production Costs	3,514,894	107,310,269
Revenue Taxes	657,686	17,078,540
OPERATING MARGIN	<u>4,211,535</u>	<u>80,479,365</u>
OPERATING EXPENSES		
Production	24,912	384,248
Distribution	1,203,834	15,738,575
Customer Accounts	522,337	6,132,798
Customer Service & Informational	76,568	1,171,228
Sales	1,027	12,400
Administrative & General	1,162,851	15,712,478
Depreciation & Amortization	1,593,402	22,414,824
Property, Payroll & Misc. Taxes	238,395	4,038,965
Federal Income Taxes	(433,754)	1,963,870
Total Operating Expenses	<u>4,389,570</u>	<u>67,569,385</u>
NET OPERATING INCOME	<u>(178,036)</u>	<u>12,909,980</u>
RATE BASE	<u>287,604,423</u>	<u>277,138,831</u>
RATE OF RETURN	<u>-0.06%</u>	<u>4.66%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	674,115,839	656,711,459
Accumulated Depreciation	(345,471,521)	(337,407,882)
Net Utility Plant	<u>328,644,318</u>	<u>319,303,577</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,768,902)	(3,588,818)
Accumulated Deferred Income Taxes	(73,131,862)	(73,131,862)
Deferred Debits	-	-
Subtotal	<u>251,743,554</u>	<u>242,582,897</u>
Working Capital	<u>35,860,869</u>	<u>34,555,934</u>
TOTAL RATE BASE	<u>287,604,423</u>	<u>277,138,831</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 8/31/2016

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	6,057,520	183,940,138
Transportation Revenue	1,819,947	20,517,861
Other Operating Revenue	68,668	1,138,456
	7,946,135	205,596,455
Less: Natural Gas & Production Costs	3,161,160	107,509,942
Revenue Taxes	643,573	17,093,731
OPERATING MARGIN	4,141,403	80,992,783
OPERATING EXPENSES		
Production	56,671	417,479
Distribution	1,542,489	16,007,050
Customer Accounts	573,408	6,194,328
Customer Service & Informational	89,052	1,110,427
Sales	636	8,972
Administrative & General	1,559,078	15,849,642
Depreciation & Amortization	1,602,444	22,538,078
Property, Payroll & Misc. Taxes	253,769	3,956,581
Federal Income Taxes	(751,771)	1,901,960
Total Operating Expenses	4,925,777	67,984,517
NET OPERATING INCOME	(784,374)	13,008,266
RATE BASE	293,639,946	280,084,677
RATE OF RETURN	-0.27%	4.64%

SCHEDULE OF RATE BASE

Utility Plant In Service	681,066,335	660,745,502
Accumulated Depreciation	(346,877,221)	(338,899,151)
Net Utility Plant	334,189,114	321,846,351
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,106,658)	(3,628,982)
Accumulated Deferred Income Taxes	(73,055,938)	(73,055,938)
Deferred Debits	-	-
Subtotal	257,026,519	245,161,431
Working Capital	36,613,428	34,923,246
TOTAL RATE BASE	293,639,946	280,084,677

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Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 9/30/2016

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	7,302,164	183,239,026
Transportation Revenue	1,962,742	20,751,088
Other Operating Revenue	75,199	1,112,720
	9,340,105	205,102,834
Less: Natural Gas & Production Costs	3,736,959	106,721,194
Revenue Taxes	707,044	17,041,507
OPERATING MARGIN	4,896,102	81,340,134
OPERATING EXPENSES		
Production	80,510	476,779
Distribution	1,527,516	16,237,237
Customer Accounts	539,618	6,312,764
Customer Service & Informational	10,003	1,045,321
Sales	-	5,908
Administrative & General	1,196,005	16,047,730
Depreciation & Amortization	1,617,540	22,671,974
Property, Payroll & Misc. Taxes	334,076	4,089,927
Federal Income Taxes	(434,078)	1,227,244
Total Operating Expenses	4,871,190	68,114,883
NET OPERATING INCOME	24,912	13,225,251
RATE BASE	299,067,624	283,097,523
RATE OF RETURN	0.01%	4.67%

SCHEDULE OF RATE BASE

Utility Plant In Service	688,041,588	665,097,313
Accumulated Depreciation	(348,187,433)	(340,423,001)
Net Utility Plant	339,854,155	324,674,312
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,079,335)	(3,667,286)
Accumulated Deferred Income Taxes	(73,997,391)	(73,208,415)
Deferred Debits	-	-
Subtotal	261,777,430	247,798,611
Working Capital	37,290,195	35,298,912
TOTAL RATE BASE	299,067,624	283,097,523

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Cascade Natural Gas Corporation
Washington Statement of Operations
Quarter Ending: 9/30/2016

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	July-16	August-16	September-16	June 1, 2015 Through July 31, 2016	July 1, 2015 Through August 31, 2016	August 1, 2015 Through Sept. 30, 2016
GAS SALES						
480 Residential Sales	3,287,368.86	2,869,020.17	3,584,763.73	100,289,178.53	100,650,448.89	100,432,562.01
481 Commercial - Interruptible Sales	3,361,433.50	3,188,500.30	3,717,400.13	83,064,437.30	83,289,689.09	82,806,463.70
TOTAL GAS SALES	6,648,802.36	6,057,520.47	7,302,163.86	183,353,615.83	183,940,137.98	183,239,025.71
OTHER OPERATING REVENUE						
4880 Miscellaneous Service Revenues	39,031.96	53,827.20	50,335.78	844,330.92	836,387.22	823,197.31
4890 Rev. From Transp. of Gas of Others	1,677,452.69	1,819,946.82	1,962,741.64	20,366,674.85	20,517,861.31	20,751,088.28
4930 Rent From Gas Property	-	-	-	857.30	857.30	100.00
4940 Interdepartmental Rents	7,622.59	7,622.59	7,622.59	85,751.63	86,895.52	88,039.41
4950 Other Gas Revenue	11,204.19	7,218.08	17,240.82	216,943.36	214,316.06	201,383.77
495.1 Overrun Penalty Income	-	-	-	-	-	-
TOTAL OTHER OPERATING REVENUE	1,735,311.43	1,888,614.69	2,037,940.83	21,514,558.06	21,656,317.41	21,863,808.77
* TOTAL OPERATING REVENUE *	8,384,113.79	7,946,135.16	9,340,104.69	204,868,173.89	205,596,455.39	205,102,834.48
NATURAL GAS PURCHASED						
804 Natural Gas City Gate Purchases	6,179,927.84	6,851,715.72	6,780,208.58	103,173,578.22	103,501,663.62	103,670,249.61
805 Other Gas Purchases	-	-	-	-	-	-
805.1 Purchased Gas Cost Adjustments	(2,129,633.83)	(2,565,351.22)	(2,313,653.11)	4,386,872.57	4,578,681.92	3,941,821.95
808.1 Gas Withdrawn From Storage	2,522.58	-	-	3,368,757.79	3,359,019.90	3,345,946.65
808.2 Gas Delivered To Storage	(537,669.04)	(1,124,928.28)	(729,294.28)	(3,588,820.10)	(3,899,847.07)	(4,207,894.22)
812 Gas Used For Other Utility Oper.	(253.96)	(276.16)	(301.73)	(30,119.79)	(29,576.67)	(28,929.71)
TOTAL NATURAL GAS PURCHASED	3,514,893.59	3,161,160.06	3,736,959.46	107,310,268.69	107,509,941.70	106,721,194.28
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	657,685.69	643,572.55	707,043.65	17,078,539.82	17,093,730.59	17,041,506.50
* OPERATING MARGIN *	4,211,534.51	4,141,402.55	4,896,101.58	80,479,365.38	80,992,783.10	81,340,133.70
PRODUCTION EXPENSES						
813 Other Gas Supply Expenses	24,911.69	56,671.10	80,510.20	384,248.30	417,478.57	476,778.60
DISTRIBUTION EXPENSES						
Operation						
870 Oper., Supervision & Engineering	106,425.89	125,071.05	121,411.02	1,371,416.52	1,392,614.43	1,435,586.62
871 Distribution Load Dispatching	35,405.64	44,286.61	40,468.55	451,402.04	457,750.63	473,354.85
872 Compressor Station	7,180.11	28,186.75	9,421.86	91,020.08	114,543.31	117,627.66
874 Mains & Services Exp.	264,992.67	396,439.96	400,434.26	3,265,511.21	3,398,746.13	3,542,743.60
875 Meas. & Reg. Stat. Exp.-Gen.	43,142.39	42,505.81	54,786.19	515,405.53	517,849.08	524,355.28
876 Meas. & Reg. Stat. Exp.-Ind.	5,115.02	8,409.02	8,758.02	133,088.37	132,971.26	126,208.73
878 Meter & House Regulator Exp.	102,719.96	133,170.44	116,787.14	1,311,885.01	1,344,267.54	1,330,667.03
879 Customer Installations Exp.	70,511.80	92,283.38	90,512.61	1,027,641.15	1,041,214.48	1,037,577.17
880 Other Exp.	234,699.77	260,311.72	306,282.55	3,413,570.99	3,408,702.67	3,439,415.75
881 Rents	9,128.45	6,570.56	14,723.65	140,598.83	137,737.37	151,548.52
882 Transportation Exp.	-	-	-	-	-	-
Subtotal Operations	879,321.70	1,137,235.30	1,163,585.85	11,721,539.73	11,946,396.90	12,179,085.21
Maintenance						
885 Supervision & Engineering	10,580.82	11,146.39	11,668.71	156,391.85	156,179.40	156,726.84
886 Structures & Improvements	8.64	-	4,148.64	10,521.46	10,286.41	14,179.93
887 Mains	100,745.00	135,671.68	118,633.81	995,376.82	1,029,402.52	1,038,342.43
8880 Compressor Station	1,733.34	5,629.00	3,051.92	28,098.85	29,743.81	30,755.70
889 Meas. & Reg. Equip.-Gen.	14,136.30	23,034.91	23,273.17	307,472.39	306,271.96	305,583.32
890 Meas. & Reg. Equip.-Ind.	782.85	536.64	1,282.83	24,077.35	22,099.98	20,411.95
892 Services	108,722.20	118,019.21	96,554.17	1,243,056.90	1,246,790.19	1,227,868.94
893 Meters & House Regulators	79,204.51	98,691.77	88,296.89	1,091,237.93	1,097,738.98	1,106,436.14
894 Other Equipment	8,598.86	12,524.56	17,020.49	160,802.10	162,139.72	157,846.50
Subtotal Maintenance	324,512.52	405,254.16	363,930.63	4,017,035.65	4,060,652.97	4,058,151.75
TOTAL DISTRIBUTION EXPENSES	1,203,834.22	1,542,489.46	1,527,516.48	15,738,575.38	16,007,049.87	16,237,236.96
CUSTOMER ACCOUNTS EXPENSES						

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Washington Statement of Operations
Quarter Ending: 9/30/2016

STATE ALLOCATION OF INCOME & EXPENSES	Month Ended			12 MONTH Ended		
	July-16	August-16	September-16	June 1, 2015 Through July 31, 2016	July 1, 2015 Through August 31, 2016	August 1, 2015 Through Sept. 30, 2016
901 Supervision	-	-	-	4,149.41	4,149.41	4,149.41
902 Meter Reading Exp.	46,300.61	41,068.90	39,144.82	550,071.21	540,559.65	540,381.25
903 Cust. Records & Collection Exp.	380,192.44	475,856.74	412,546.25	4,818,983.21	4,960,973.49	5,047,184.81
904 Uncollectible Accounts	95,060.30	56,482.13	87,926.46	757,609.08	686,718.22	719,121.31
905 Misc. Exp.	783.17	-	-	1,984.76	1,927.41	1,927.41
TOTAL CUSTOMER ACCOUNTS EXP.	522,336.52	573,407.77	539,617.53	6,132,797.67	6,194,328.18	6,312,764.19
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES						
907 Supervision	-	-	-	-	-	-
908 Cust. Assistance Exp.	72,737.07	74,700.38	7,731.63	1,145,958.51	1,073,480.08	1,007,681.54
909 Info. & Instr. Advertising Exp.	3,830.89	14,351.88	2,271.21	25,269.43	36,947.34	37,639.02
910 Misc. Cust. Serv. & Info. Exp.	-	-	-	-	-	-
TOTAL CUST. SRVC. & INFO. EXPENSES	76,567.96	89,052.26	10,002.84	1,171,227.94	1,110,427.42	1,045,320.56
SALES EXPENSES						
911 Supervision	-	-	-	-	-	-
912 Demonstrating & Selling	-	-	-	-	-	-
913 Advertising	1,026.74	635.93	-	12,399.55	8,971.83	5,907.84
916 Misc. Sales Exp.	-	-	-	-	-	-
TOTAL SALES EXPENSES	1,026.74	635.93	-	12,399.55	8,971.83	5,907.84
ADMINISTRATIVE AND GENERAL EXPENSES						
920 Admin. & General Salaries	420,285.15	491,499.11	436,600.93	5,012,599.42	5,116,516.59	5,259,225.24
921 Office Supplies & Exp.	142,237.99	252,970.26	184,372.11	2,653,066.64	2,654,232.64	2,705,221.73
923 Outside Services Employed	65,725.89	149,695.19	38,720.16	1,056,816.60	1,124,067.15	1,082,886.96
924 Property Insurance	4,901.52	4,901.52	6,202.76	60,284.43	60,032.76	61,082.33
925 Injuries & Damages	149,322.75	82,101.23	81,875.53	925,699.70	926,582.67	940,752.72
926 Employee Pensions & Benefits	237,638.20	463,541.22	308,328.90	4,370,534.67	4,300,423.34	4,279,928.34
928 Regulatory Commission Exp.	-	-	-	-	-	-
930.1 General Advertising Exp.	171.42	5,318.39	3,322.30	34,153.86	39,094.97	42,190.38
930.2 Misc. General Exp.	57,914.84	34,152.42	65,388.36	725,370.35	719,283.09	744,525.99
931 Rents	102,275.67	100,897.54	100,936.39	1,116,362.74	1,140,605.37	1,164,886.85
932 Maintenance of General Plant	1,149.87	3,130.43	496.66	32,484.06	33,961.19	27,469.75
	1,181,623.30	1,588,207.31	1,226,244.10	15,987,372.47	16,114,799.77	16,308,170.29
	(18,772.66)	(29,128.84)	(30,239.41)	(274,894.36)	(265,157.61)	(260,440.08)
TOTAL ADM. & GEN. EXPENSES	1,162,850.64	1,559,078.47	1,196,004.69	15,712,478.11	15,849,642.16	16,047,730.21
TOTAL O&M EXPENSES (Excluding Gas Cost and	2,991,527.77	3,821,334.99	3,353,651.74	39,151,726.95	39,587,898.03	40,125,738.36
DEPRECIATION AND AMORTIZATION						
403 Depreciation Expense	1,593,401.79	1,602,443.51	1,617,539.87	22,414,824.10	22,538,078.10	22,671,973.85
Propane Air Plant	-	-	-	-	-	-
Telemetry	-	-	-	-	-	-
Meters & Regulators	-	-	-	-	-	-
Central Stores Warehouse	-	-	-	-	-	-
General Office	-	-	-	-	-	-
407.1 Amortization of Property Losses	-	-	-	-	-	-
TOTAL DEPRECIATION AND AMORTIZATION	1,593,401.79	1,602,443.51	1,617,539.87	22,414,824.10	22,538,078.10	22,671,973.85
407.3 Regulatory Debits	-	-	-	-	-	-
TAXES OTHER THAN INCOME TAXES						
408.1 Property, Payroll and Misc. Taxes	238,394.64	253,769.34	334,075.88	4,038,964.74	3,956,581.16	4,089,926.78
INCOME TAXES - OPERATING						
409.1 Federal Inc Taxes, Util Oper Inc	(374,656.64)	(726,510.66)	(1,080,102.38)	1,773,159.66	1,796,596.62	(616,012.28)
409.1 State Income Taxes, Util Oper Inc	-	-	-	-	-	-
410.1 Provision For Defer'd Fed Inc Tax	(55,983.73)	(22,146.98)	649,138.24	230,133.08	144,675.67	1,882,457.22
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)	(3,113.55)	(3,113.54)	(39,423.16)	(39,312.13)	(39,201.10)
TOTAL INCOME TAXES - OPERATING	(433,753.91)	(751,771.19)	(434,077.68)	1,963,869.58	1,901,960.16	1,227,243.84
* TOTAL OPERATING EXPENSES *	4,389,570.29	4,925,776.65	4,871,189.81	67,569,385.97	67,984,517.45	68,114,882.83
* TOTAL OPERATING INCOME *	(178,035.78)	(784,374.10)	24,911.77	12,909,980.01	13,008,265.65	13,225,250.87