

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

UG-06____

GENERAL RATE APPLICATION

OF



February 14, 2006

**Prepared Direct Testimony of
Jon T. Stoltz**

**Summary of Rate Application
Restate Revenues and Gas Cost at current Rates
Removal of Non-Core Competitive Services Revenues and Cost
Lost and Unaccounted For Restatement
Weather Normalization Adjustment
Pro forma Industrial Contract Changes
Estimated Rate Case Expense
Revenue Requirements and Revenue Under Proposed Rates**

1
2 Column (h), the total of Column (f) and (g), shows a proforma twelve months ended
3 September 30, 2005, statement of operations which produces the Company's requested
4 9.37% overall rate of return.
5

6
7 **EXHIBIT _ (JTS-3)**
8

9 **Restatement of Revenues and Gas Cost at Current Rates**
10

11 Q. Please describe the contents of Exhibit _ (JTS-3).
12

13 A. Exhibit _ (JTS-3) shows the restatement of revenues and gas cost at the base rates that
14 became effective with the November 1, 2005 PGA. Restating the test period revenues
15 results in an increase of \$37,836,114. Restated test period gas cost results in an increase of
16 \$35,812,291.
17

18 These adjustments for are shown on Exhibit _ (JTS-3), Schedule 1, line 52, columns (f)
19 and (h). This adjustments amount also appears on the Summary Exhibit _ (JTS-2),
20 Schedule 1, Page 2, Lines 1 and 5, Column (b). The effect that these adjustments have on
21 revenue sensitive taxes and fees, along with Federal Income Tax, is calculated and shown
22 on Summary Exhibit _ (JTS-2), Page 2 in Column (b).
23

24
25 **EXHIBIT _ (JTS-4)**
26

27 **Removal of Non-Core Competitive Services Revenues and Gas Cost**
28

1 Q. How does Exhibit _ (JTS-4) pertain to these proceedings?
2

3 A. This adjustment removes the revenues, administrative expense and gas cost from the non-
4 core competitive services Cascade provides under a Blanket Marketing Certificate, as
5 authorized under 18 CFR Part 284.402 of FERC's regulations. FERC Order No. 547 issued
6 on November 30, 1992 authorized jurisdictional gas sales for resale at market rates, with
7 pre-granted abandonment, to all persons who are not interstate pipelines, except marketing
8 affiliates of non-open access pipelines. The certificates are automatically granted (no
9 application need be filed and no document is issued), and the sale is not restricted by term,
10 price or category of gas. The certificates are limited jurisdictional certificates that do not
11 subject the certificate holder to any regulation under the Natural Gas Act jurisdiction of
12 FERC by virtue of transactions under the certificate. The enactment of Order No. 547
13 removed the restrictions on local distribution company (LDC) marketing certificates, and
14 allows LDCs to freely compete in the sale of gas with other marketers. On Exhibit (JTS-4),
15 the \$30,875,879 for revenue and \$28,268,010 of gas costs and \$165,332 of administrative
16 expenses are removed from the test period results. These numbers are also contained in
17 the Summary Exhibit _ (JTS-2), Schedule 1, Page 2, Lines 1, 5 and 11, Column (c). The
18 FIT and revenue sensitive taxes and fees are calculated and shown in Column (c).
19
20

21 **EXHIBIT _ (JTS-5)**
22

23 **Restatement of Gas Cost For Normal Lost & Unaccounted For**
24

25 Q. Please describe Exhibit _ (JTS-5) and how it pertains to these proceedings.
26

27 A. Exhibit _ (JTS-5) shows the adjustments necessary to restate the Test Period for the
28 quantity of therms in excess of sales and deliveries of therms to our customers. This

Cascade Natural Gas Corporation			
Removal of Non-Core Competitive Services Revenues and Cost			
State of Washington			
Line No.	Description	Exhibit Reference	Amount
	(a)	(b)	(c)
	Non-Core Competitive Services		
1	Remove Test Period Revenue	Exh JTS-3, Sched 1, Page 1, Line 29 Col (f)	\$ (30,875,879) 1/
2	Remove Test Period Gas Cost	Exh JTS-3, Sched 1, Page 1, Line 29 Col (l)	\$ (28,268,010) 2/
3	Remove Administrative Expense		\$ (165,332) 3/

- 1/ Carried forward to Exhibit ____ (JTS-2), page 2, column (c), line 1.
 2/ Carried forward to Exhibit ____ (JTS-2), page 2, column (c), line 5.
 3/ Carried forward to Exhibit ____ (JTS-2), page 2, column (c), line 11.