

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-21 _____

CASCADE NATURAL GAS CORPORATION
FIRST EXHIBIT (NONCONFIDENTIAL) TO THE
DIRECT TESTIMONY OF

MARK A. CHILES

September 30, 2021

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 12/31/2015

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	29,899,875	194,465,890
Transportation Revenue	1,783,665	20,426,804
Other Operating Revenue	75,981	1,001,985
	<u>31,759,522</u>	<u>215,894,678</u>
Less: Natural Gas & Production Costs	18,123,476	119,769,690
Revenue Taxes	2,500,080	18,050,997
OPERATING MARGIN	<u>11,135,965</u>	<u>78,073,991</u>
OPERATING EXPENSES		
Production	30,990	337,722
Distribution	1,596,056	16,008,083
Customer Accounts	543,856	5,661,703
Customer Service & Informational	103,279	1,124,813
Sales	523	12,625
Administrative & General	1,759,206	15,622,373
Depreciation & Amortization	5,338,281	21,571,820
Property, Payroll & Misc. Taxes	362,443	3,984,398
Federal Income Taxes	116,022	1,744,805
Total Operating Expenses	<u>9,850,657</u>	<u>66,068,342</u>
NET OPERATING INCOME	<u>1,285,308</u>	<u>12,005,649</u>
RATE BASE	<u>253,536,396</u>	<u>239,600,695</u>
RATE OF RETURN	<u>0.51%</u>	<u>5.01%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	654,541,120	632,616,854
Accumulated Depreciation	(335,114,607)	(326,886,721)
Net Utility Plant	<u>319,426,513</u>	<u>305,730,133</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,582,578)	(3,175,125)
Accumulated Deferred Income Taxes	(73,572,374)	(73,572,374)
Deferred Debits	-	-
Subtotal	<u>242,271,561</u>	<u>228,982,634</u>
Working Capital	<u>11,264,835</u>	<u>10,618,061</u>
TOTAL RATE BASE	<u>253,536,396</u>	<u>239,600,695</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 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>

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 12/31/2017

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	33,084,924	201,859,941
Transportation Revenue	2,105,860	23,274,239
Other Operating Revenue	67,965	1,039,898
	<u>35,258,749</u>	<u>226,174,078</u>
Less: Natural Gas & Production Costs	19,637,637	113,381,089
Revenue Taxes	2,713,488	19,643,139
OPERATING MARGIN	<u>12,907,624</u>	<u>93,149,850</u>
OPERATING EXPENSES		
Production	18,830	294,447
Distribution	1,667,386	18,788,790
Customer Accounts	564,451	6,197,704
Customer Service & Informational	57,859	370,308
Sales	-	3,263
Administrative & General	1,863,453	17,491,298
Depreciation & Amortization	1,791,477	20,609,143
Property, Payroll & Misc. Taxes	367,084	4,242,029
Federal Income Taxes	3,007,777	6,857,365
Total Operating Expenses	<u>9,338,316</u>	<u>74,854,348</u>
NET OPERATING INCOME	<u>3,569,308</u>	<u>18,295,503</u>
RATE BASE	<u>304,932,736</u>	<u>283,774,538</u>
RATE OF RETURN	<u>1.17%</u>	<u>6.45%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	751,906,569	721,672,786
Accumulated Depreciation	(369,879,553)	(361,711,018)
Net Utility Plant	<u>382,027,017</u>	<u>359,961,768</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(4,248,901)	(4,078,946)
Accumulated Deferred Income Taxes	(76,684,094)	(75,805,307)
Deferred Debits	-	-
Subtotal	<u>301,094,022</u>	<u>280,077,515</u>
Working Capital	3,838,714	3,697,023
TOTAL RATE BASE	<u>304,932,736</u>	<u>283,774,538</u>

All rate base items in the "Twelve Months" column represent average of monthly average balances.

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 12/31/2018

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	29,164,918	202,965,796
Transportation Revenue	1,950,593	23,006,329
Other Operating Revenue	76,066	(1,487,485)
	<u>31,191,577</u>	<u>224,484,641</u>
Less: Natural Gas & Production Costs	15,204,528	109,783,204
Revenue Taxes	2,390,798	19,055,890
OPERATING MARGIN	<u>13,596,251</u>	<u>95,645,546</u>
OPERATING EXPENSES		
Production	18,199	241,633
Distribution	1,611,754	19,661,049
Customer Accounts	500,657	5,462,931
Customer Service & Informational Sales	1,023,474	4,298,252
	-	1,547
Administrative & General	1,204,128	17,010,421
Depreciation & Amortization	2,039,207	22,725,279
Property, Payroll & Misc. Taxes	329,738	4,268,627
Federal Income Taxes	1,474,697	360,753
Total Operating Expenses	<u>8,201,855</u>	<u>74,030,492</u>
NET OPERATING INCOME	<u>5,394,396</u>	<u>21,615,054</u>
RATE BASE	<u>350,818,480</u>	<u>322,765,802</u>
RATE OF RETURN	<u>1.54%</u>	<u>6.70%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	814,040,177	780,275,999
Accumulated Depreciation	(383,218,952)	(377,693,604)
Net Utility Plant	430,821,226	402,582,395
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,905,857)	(3,984,824)
Accumulated Deferred Income Taxes	(76,096,889)	(75,831,769)
Deferred Debits	-	-
Subtotal	<u>350,818,480</u>	<u>322,765,802</u>
Working Capital	-	-
TOTAL RATE BASE	<u>350,818,480</u>	<u>322,765,802</u>

All rate base items in the "Twelve Months" column represent average of monthly average balances.

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 12/31/2019

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	35,674,584	221,481,600
Transportation Revenue	2,193,760	24,094,628
Other Operating Revenue	(231,724)	1,748,762
	<u>37,636,620</u>	<u>247,324,989</u>
Less: Natural Gas & Production Costs	20,798,671	125,165,839
Revenue Taxes	3,094,344	20,632,283
OPERATING MARGIN	<u>13,743,605</u>	<u>101,526,867</u>
OPERATING EXPENSES		
Production	17,180	320,028
Distribution	1,759,194	20,414,280
Customer Accounts	706,801	5,854,251
Customer Service & Informational	985,957	7,311,469
Sales	819	5,409
Administrative & General	1,904,176	18,950,113
Depreciation & Amortization	2,148,029	24,915,118
Property, Payroll & Misc. Taxes	416,145	4,176,015
Federal Income Taxes	756,616	(1,224,200)
Total Operating Expenses	<u>8,694,917</u>	<u>80,722,482</u>
NET OPERATING INCOME	<u>5,048,689</u>	<u>20,804,385</u>
RATE BASE	<u>393,201,759</u>	<u>375,260,464</u>
RATE OF RETURN	<u>1.28%</u>	<u>5.54%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	861,878,061	835,867,892
Accumulated Depreciation	(394,925,958)	(388,720,269)
Net Utility Plant	466,952,103	447,147,623
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,744,587)	(3,800,413)
Accumulated Deferred Income Taxes	(77,673,011)	(75,625,050)
Deferred Debits	-	-
Subtotal	<u>385,534,506</u>	<u>367,722,160</u>
Working Capital	7,667,253	7,538,304
TOTAL RATE BASE	<u>393,201,759</u>	<u>375,260,464</u>

All rate base items in the "Twelve Months" column represent average of monthly average balances.

Cascade Natural Gas Corporation
State of Washington
Statement of Operations and Rate of Return
Month and Twelve Months Ended 12/31/2020

	Month	Twelve Months
OPERATING REVENUES		
Natural Gas Sales	36,318,938	239,620,241
Transportation Revenue	2,270,311	25,108,663
Other Operating Revenue	119,954	783,349
	<u>38,709,203</u>	<u>265,512,254</u>
Less: Natural Gas & Production Costs	20,008,046	134,273,488
Revenue Taxes	3,114,173	22,359,047
OPERATING MARGIN	<u>15,586,984</u>	<u>108,879,719</u>
OPERATING EXPENSES		
Production	27,475	321,353
Distribution	1,930,261	20,522,671
Customer Accounts	770,099	5,675,689
Customer Service & Informational	936,767	6,424,242
Sales	2,334	19,846
Administrative & General	2,303,754	19,311,205
Depreciation & Amortization	2,251,148	26,511,110
Property, Payroll & Misc. Taxes	376,038	4,379,802
Federal Income Taxes	1,354,989	1,029,886
Total Operating Expenses	<u>9,952,865</u>	<u>84,195,804</u>
NET OPERATING INCOME	<u>5,634,119</u>	<u>24,683,915</u>
RATE BASE	<u>475,679,696</u>	<u>420,487,637</u>
RATE OF RETURN	<u>1.18%</u>	<u>5.87%</u>

SCHEDULE OF RATE BASE

Utility Plant In Service	956,665,112	891,929,191
Accumulated Depreciation	(415,169,295)	(403,973,529)
Net Utility Plant	<u>541,495,818</u>	<u>487,955,662</u>
Other:		
Contributions in Aid of Construction	-	-
Customer Advances for Construction	(3,032,534)	(3,317,763)
Accumulated Deferred Income Taxes	(77,533,346)	(77,188,638)
Deferred Debits	-	-
Subtotal	<u>460,929,938</u>	<u>407,449,261</u>
Working Capital	14,749,758	13,038,376
TOTAL RATE BASE	<u>475,679,696</u>	<u>420,487,637</u>

All rate base items in the "Twelve Months" column represent average of monthly average balances.