

**Exh. MCC-2
Docket UG-170929
Witness: Melissa Cheesman**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**CASCADE NATURAL GAS
CORPORATION,**

Respondent.

DOCKET UG-170929

**EXHIBIT TO
TESTIMONY OF**

Melissa Cheesman

**ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Staff Rate Spread

February 15, 2018

UTC Staff Summary of Rate Spread
2018 Cascade General Rate Case
Test Year Ending December 2016
Equal Percent of Margin

Rate Class	Company provided			Company provided			Staff			Company provided			Company provided			Company provided			Company provided		
	Adjusted Test Year Revenue	Test Year Gas Revenue (1)	Test Year Margin	Volume (Therms)	Total Margin Less Contracts	Percent of Uniform Increase	Proposed Margin Increase	Proposed Margin Increase Less Contracts	Proposed Calculated Revenue	Test Year Gas Revenue (1)	Test Year Margin	Proposed Calculated Revenue	Proposed Calculated Revenue	Proposed Calculated Change in Margin	Percent Total (2) Decrease	Percent Margin (3) Decrease	Over (Under) Target Spread				
1 Residential (503)	\$104,786,304	\$ 59,576,687	\$ 45,209,617	120,189,407	51.9%	100.0%	-7.8%	\$(3,533,843)	\$ 41,675,774	\$ 59,576,687	\$ 101,252,461	101,252,461	\$(3,533,843)	-3.4%	-7.8%	-					
2 Commercial (504)	63,677,638	40,105,965	\$23,571,672	81,344,242	27.1%	100.0%	-7.8%	\$(1,842,497)	21,729,175	40,105,965	61,835,140	61,835,140	(1,842,497)	-2.9%	-7.8%	(0.00)					
3 Industrial (505)	7,545,552	5,479,683	2,065,869	11,417,671	2.4%	100.0%	-7.8%	\$(161,480)	1,904,389	5,479,683	7,384,072	7,384,072	(161,480)	-2.1%	-7.8%	-					
4 Large volume (511)	6,893,335	5,330,629	1,562,706	11,107,096	1.8%	100.0%	-7.8%	\$(122,150)	1,440,556	5,330,629	6,771,185	6,771,185	(122,150)	-1.8%	-7.8%	0.00					
5 Interruptible (570)	2,011,098	1,796,952	214,145	3,848,935	0.2%	100.0%	-7.8%	\$(16,739)	197,406	1,796,952	1,994,359	1,994,359	(16,739)	-0.8%	-7.8%	(0.00)					
6 Transportation (663)	14,461,764	-	14,461,764	438,603,935	16.6%	100.0%	-7.8%	\$(1,130,415)	13,331,350	-	13,331,350	13,331,350	(1,130,415)	-7.8%	-7.8%	0.00					
7 Special Contracts	5,811,768	-	5,811,768	286,600,988	-	-	-	-	5,811,768	-	5,811,768	-	-	0.0%	0.0%	-					
8 Subtotal revenue from rates	\$205,187,459	\$ 112,289,916	\$ 92,897,542	\$953,112,274	100%	-	-	\$(6,807,124)	\$ 86,090,418	\$ 112,289,916	\$ 198,380,335	\$ 198,380,335	\$(6,807,124)	-3.3%	-7.3%	(0.00)					
9 Other Operating Revenue	909,730	-	909,730	0	-	-	-	-	909,730	-	909,730	-	-	0.0%	0.0%	-					
10 Revenue Taxes and Fees	11,094,720	-	11,094,720	0	-	-	-	-	11,094,720	-	11,094,720	-	-	0.0%	0.0%	-					
11 Total	\$217,191,909	\$ 112,289,916	\$ 104,901,993	\$953,112,274	100%	-	-	\$(6,807,124)	\$ 98,094,869	\$ 112,289,916	\$ 210,384,785	\$ 210,384,785	\$(6,807,124)	-3.1%	-6.5%	(0.00)					

Source: Exhibit MPP-2, R00 Summary Sheet, table column 3, line 4

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Proposed total increase

19 Average increase on margin after contracts, other revenue, and revenue taxes and fees

20 Adjustment for unequal allocation of increase

21

22 (1) Gas revenue at rates effective prior to November 1, 2017.

23 (2) Calculated margin decrease (column M) divided by adjusted test year revenue (column B).

24 (3) Calculated margin decrease (column M) divided by test year margin (column D).

\$(6,807,124) Source: Revenue Sufficiency - KMH-2, page 1, Cell U16

-7.82%
-1.00%