

**Exh. KMH-6
Docket UG-170929
Witness: Kristen M. Hillstead**

**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**

Kristen M. Hillstead

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

Cascade's Response UTC Staff Data Request No. 109

February 15, 2018

Request No. 109

Date prepared: 1/19/2018

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UTC STAFF DATA REQUEST NO. 109:

RE: Labor Costs

Follow-up to Public Counsel Data Request No. 34.

- a. In the Company's response to PC-34, Cascade identified \$1,761,071.16 as the amount of incentive pay allocated to Washington in the test year. Please identify how much of the \$1,761,071.16 was paid out related to the following: meeting financial goals; meeting the O & M target; and meeting the customer service satisfaction goal.

Incentive Pay - Grand Total			
Financial Goals	O & M Target	Customer Service Satisfaction Goal	Total

- b. Please identify how much of the incentive pay in each of the columns in Part A was paid to executives and how much was paid to employees.

Incentive Pay - Executives			
Financial Goals	O & M Target	Customer Service Satisfaction Goal	Total

Incentive Pay - Employees			
Financial Goals	O & M Target	Customer Service Satisfaction Goal	Total

Response:

- a) The \$ 1,761,061 can be estimated into the following categories:

Incentive Pay Plans	Earnings	O&M	Customer Service	Integrity Leadership Goal	ROIC	EPS	Affiliated	Total
CNG	\$ 174,419	\$ 174,419	\$ 174,419	\$ 28,839	\$ 36,091	\$ 36,091		\$ 624,276
IGC							\$ 46,716	\$ 46,716
Utility Group							\$ 512,889	\$ 512,889
MDUR							\$ 577,189	\$ 577,189
	\$ 174,419	\$ 174,419	\$ 174,419	\$ 28,839	\$ 36,091	\$ 36,091	\$ 1,136,795	\$ 1,761,071

CNG amounts are based upon total amounts accrued multiplied by the Jurisdictional 3 factor rate in effect for 2016 of 75.27% for Washington Jurisdictions.

IGC, Utility Group, and MDUR amounts are charged to CNG for various officer and employee plans each with differing targets, payout percentages, and cross charge percentages in place depending upon numerous factors (i.e. paygrade, plan type, individual SLD to CNG, etc.). Estimated amounts for each plan by performance factor is not known by CNG.

b) The \$1,761,061 can be estimated into the following categories:

Incentive Pay Employee	Earnings	O&M	Customer Service	Integrity Leadership Goal	Affiliated	Total
CNG Direct	\$ 180,529	\$ 180,529	\$ 180,529	\$ 28,839		\$ 570,426
IGC Employee						**Minimal
Utility Group					\$ 426,237	\$ 426,237
	\$ 180,529	\$ 180,529	\$ 180,529	\$ 28,839	\$ 426,237	\$ 996,663
Incentive Pay Executive	ROIC	EPS	Affiliated	Total		
CNG Direct	\$ 36,091	\$ 36,091		\$ 72,182		
IGC			\$ 46,716	\$ 46,716		
Utility Group			\$ 86,652	\$ 86,652		
	\$ 36,091	\$ 36,091	\$ 133,368	\$ 205,550		

CNG amounts are based upon Incentive Plan Accrual calculation worksheets.

IGC amounts are based upon actual amounts paid to IGC Officers in 2016 with a budgeting percentage applied to determine amount allocated to CNG. The 3-factor jurisdictional rate for 2016 was then applied to estimate the WA allocation amount. Amounts for non-executive employees are considered minimal.

Utility Group amounts are based upon estimated 2016 non-executive incentive amounts with the majority of charges for Customer Service and IT functions.

MDUR resources amounts have been excluded since CNG is unable to estimate the amounts between employee/executive classes.