

Company Adjustment P-1

Line No.	Description	Total Company As-Filed	Total Company Revised Tax Rate	Public Counsel
1	Adjustment to Income Tax Expense	274,827	164,896	263,991
<u>Adjustment Detail:</u>				
A.1	Adjusted Rate Base - Washington Jurisdictional	300,860,726	300,860,726	283,040,534
A.2	Weighted Cost of Debt, per Company	2.648%	2.648%	2.648%
A.3	Interest Deduction for Income Taxes	7,966,792	7,966,792	7,494,913
A.4	Interest Deduction, per Books	8,752,012	8,752,012	8,752,012
A.5	Increase (Reduction) in Deductible Interest	(785,220)	(785,220)	(1,257,099)
A.6	Federal Income Tax Rate	35%	21%	21%
A.7	Increase (Reduction) to Income Tax Expense	274,827	164,896	263,991

Per Company amounts per Company Workpaper MPP WP-1.12, provided as Exhibit DMR-43.

Description of Adjustment

The above adjustment synchronizes the tax deductible interest expense with the adjusted rate base and the per Company weighted cost of debt. The Public Counsel amounts are based on Public Counsel recommended rate base.

Company Adjustment P-3

Line No.	Project Description	Account	Amount Per Company	Amount Per Public Counsel	WA Alloc.	Proposed Amount Per PC
<u>Gas Intangible Plant:</u>						
1	FP-101472 - UG-PIM Installation	303	225,308	0	77.24%	0
2	FP-101510 - UG GMS PURCHASE SOFTWARE	303	2,245	0	77.24%	0
3	FP-200663 - UG-GIS Enhancements	303	287,058	0	77.24%	0
4	FP-302571 - UG-CC&B Upgrade to v2.4	303	276,670	0	77.24%	0
5	FP-302579 - Upgrade CyberSecurity Environment	303	21,674	0	77.24%	0
6	FP-302616 - UG-Taleo-Human Capital Management	303	31,170	0	77.24%	0
7	FP-311939 - UG-PCAD Upgrade to v6.5	303	159,738	0	77.24%	0
8	FP-315501 - UG-JDE Corporate Consolidation	303	132,223	0	77.24%	0
9	FP-315524 - UG-PowerPlan Lease Module	303	26,445	0	77.24%	0
	Total Intangible Plant		1,162,531	-		-
<u>Gas Distribution Plant:</u>						
10	FP-101191 - MAIN-REINFORCE-WA	376	179,391	0	100%	0
11	FP-101192 - MAIN-RELO-REPL-WA	376	1,473,785	0	100%	0
12	FP-101196 - R STA-RELO-REPL-WA	378	313,977	0	100%	0
13	FP-101199 - STD M&R-RELO-REPL-WA	385	868,262	0	100%	0
14	FP-101201 - IND M&R-REMOVE&REPL-WA	385	179,842	0	100%	0
15	FP-101275 - SERV-RELO-REPL-WA	380	777,867	0	100%	0
16	FP-200122 - RP; R-58, ABERDEEN	378	97,803	0	100%	0
17	FP-302369 - GB - GROUNDBED WA	376	245,801	0	100%	0
18	FP-302588 - HILDEBRAND BLVD 6" HP MAIN	376	1,524,374	0	100%	0
19	FP-302648 - SOUTHRIDGE GATE STATION	378	225,398	0	100%	0
20	FP-302653 - BREMERTON R-64 REPLACE/RELOCATE	376	233,140	0	100%	0
21	FP-302665 - RICHLAND 4" IP CANAL/HWY CROSSING	376	76,260	0	100%	0
22	FP-306995 - OTHELLO REYNOLDS RD REINFORCEMENT	376	75,903	0	100%	0
23	FP-306999 - V-13 BREMERTON REPLACEMENT	376	152,137	0	100%	0
24	FP-307002 - V-9 ABERDEEN REPLACEMENT	376	2,157	0	100%	0
25	FP-309000 - 4 in Steel IP Bore Columbia Park	376	122,953	0	100%	0
26	FP-311354 - DEEP WELL GB - YAKIMA	376	222	0	100%	0
27	FP-311357 - DEEP WELL GB - ANACORTES	376	12,700	0	100%	0
28	FP-311358 - DEEP WELL GB - WALLA WALLA	376	2,515	0	100%	0
29	FP-312000 - 0-2 Terrace Heights	378	13,857	0	100%	0

Company Adjustment P-3

Line No.	Project Description	Account	Amount Per Company	Amount Per Public Counsel	WA Alloc.	Proposed Amount Per PC
<u>Gas Distribution Plant (Continued):</u>						
30	FP-312005 - R-29 Nooksack	378	7,416	0	100%	0
31	FP-312007 - R-19 Kennewick		56,271	0	100%	0
32	FP-313143 - V-89; Wenatchee 8" isolation valve	376	55,289	0	100%	0
33	FP-313621 - FAMILY METER REPLACEMENT	381	1,092,370	0	77.24%	0
34	FP-314501 - Replace 844' of steel main	376	111,318	0	100%	0
35	FP-314643 - 2" STL MN, RE 2 REG STATIONS - BELL	376	110,067	0	100%	0
36	FP-314963 - MAOP RPL 8" ANACORTES - SEG. 18191	376	197,834	0	100%	0
37	FP-314964 - MAOP RPL 8" MARCH POINT - 11C1144-1	376	1,042,032	0	100%	0
38	FP-315143 - 2000' 6" Southridge Blvd Kennewick	376	238,942	0	100%	0
39	FP-315222 - DEEP WELL GB - WENATCHEE	376	89,991	0	100%	0
40	FP-315224 - DEEP WELL GB - SHELTON	376	89,991	0	100%	0
41	FP-315575 - 2" STEEL MAIN - BELLINGHAM	376	14,019	0	100%	0
42	FP-315607 - RF; 6" STEEL HP MAIN, KENNEWICK/RICH	376	4,929,288	0	100%	0
43	FP-315671 - INSTALL MAIN WALLA WALLA	376	114,604	0	100%	0
44	FP-315678 - RE/REL 4" Main IN SUNNYSIDE	376	66,220	0	100%	0
45	FP-315709 - RP; ZILLAH 6" TRAN	367	386,080	0	100%	0
46	FP-315710 - YEW ST, PIPE REPLACEMENT	376	311,072	0	100%	0
47	FP-315712 - DEEP WELL GB 1 - BELLINGHAM	376	93,586	0	100%	0
48	FP-315713 - DEEP WELL GB 5 - BELLINGHAM	376	111,120	0	100%	0
49	FP-315714 - INSTALL 2" ST ARO BORE SHELTON	376	170,964	0	100%	0
50	FP-315741 - MN RPL; 8" Kitsap HP Line	376	(139,899)	0	100%	0
51	FP-315894 - 10,700 of 6" & 800' 4" Reinforce Pasco	376	718,929	0	100%	0
Total Distribution Plant			<u>16,445,848</u>	<u>-</u>		<u>-</u>
<u>General Plant:</u>						
52	FP-101285 - GP BUILDINGS - BELLINGHAM	390	76,459	0	100%	0
53	FP-101288 - GP TOOLS - BELLINGHAM	394	9,462	0	100%	0
54	FP-101359 - GP BUILDINGS - ABERDEEN	392	2,201	0	100%	0
55	FP-101362 - GP TOOLS - ABERDEEN	394	5,780	0	100%	0
56	FP-200661 - Data Center & Network Equipment	391	62,472	0	77.24%	0
57	FP-200662 - Personal Computers & Peripherals	391	143,096	0	77.24%	0
58	FP-311969 - Sensit Portable Methane Detectors	394	765,838	0	77.24%	0
59	FP-315865 - UG - ThoughtSpot Implementation Prj	303	172,112	0	77.24%	0
Total General Plant			<u>1,237,420</u>	<u>-</u>		<u>-</u>
Total Amount			<u><u>18,845,799</u></u>	<u><u>-</u></u>		<u><u>-</u></u>

Test Year Ended December 31, 2016

Company Adjustment P-4

Line No.	Description	Per Company (a)	Public Counsel (b)
1	2016 Actual Rate Case Expense (Dkt. UG-152286)	109,633	
2	2017 Estimated Rate Case Costs, per Company Filing	298,512	
3	2017 Actual Rate Case Costs		351,060
4	Estimated Remaining Rate Case Costs, per Company		131,000
5	Total	408,145	482,060
6	Amortization Period in Years, per Public Counsel	N/A	3
7	Proposed Annual Expense	408,145	160,687
8	Actual Rate Case Expense in Test Year (Line 1)	109,633	109,633
9	Increase in Rate Case Expense (Line 7 - Line 8)	298,512	51,054
10	Public Counsel Recommended Reduction to Company Adjustment		(247,458)

Notes/Source:

The Company proposed to adjust the test year to include both the costs incurred during the test year for a prior docket and estimated costs to be incurred in 2017 for the current rate case. Public Counsel recommends that the actual and projected costs for this rate case be amortized over a three-year period, resulting in normalized level of rate case expense to be included in the adjusted test year.

Lines 1 and 2: Company Workpaper MPP WP-1.15 (Exhibit DMR-24).

Lines 3 and 4: Company response to Public Counsel Data Request PC-67 (Exhibit DMR-25).

The estimated remaining rate case costs assume the case is litigated. If the case settles, Cascade estimates the remaining costs as \$52,375.

Company Adjustment P-6

Line No.	Description	Per Company (a)	Public Counsel (b)
1	2016 Actual Deferral	2,219,857	2,219,857
2	2017 Estimated Deferral, per Company	5,000,000	
3	2017 Actual Costs per WUTC-68 (1)		2,871,603
4	Additional 2017 Actual Costs per WUTC-93 (2)		368,867
5	2018 Estimated through May 31, per Company	2,371,011	
6	Total	9,590,868	5,460,327
7	Amortization Period (Years)	10	10
8	Annual Amortization Expense	959,087	546,033

Notes/Source:

The above adjustment allows the amortization of actual costs deferred as of the date of the responses to various data requests and excludes estimated amounts from recovery.

Col. (a): Company Workpaper MPP WP-1.17 (Exhibit DMR-26)

(1) Response to UTC-68 (Exh. DMR-28) identified the "Actuals & Estimates" for 2017 as \$3,411,603. Of that amount, \$540,000 was identified as estimated amounts.

(2) Response to UTC-93 (Exh. DMR-29) indicated that of the 2017 amounts estimated for 2017 in response to WUTC-68, \$368,867 had been invoiced.