

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION	)	DOCKET UG-170929
	)	
Complainant,	)	
	)	
v.	)	
	)	
CASCADE NATURAL GAS	)	
CORPORATION	)	
	)	
Respondent.	)	
<hr/>		)

**EXH. BGM-6**

*Updated Revenue Requirement Calculations*

**To**

**CROSS-ANSWERING TESTIMONY OF BRADLEY G. MULLINS**

**ON BEHALF OF**

**THE NORTHWEST INDUSTRIAL GAS USERS**

**March 23, 2018**

**Cascade Natural Gas Corporation**  
*Gas Revenue Requirement Summary (\$000)*  
12 Months Ended December 31, 2016  
In Thousands

Line	Adj. No.	Description	Cascade Filing (Rev. Req. at NWIGU ROR)			NWIGU Proposed		
			Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)	Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)
1	1.00	<b>Per Book Results (Y/E Dec. 2016)</b>	<b>16,605</b>	<b>280,062</b>	<b>6,398</b>	<b>16,605</b>	<b>280,062</b>	<b>6,398</b>
<i>Restating Adjustments:</i>								
2	R-1	Weather Normalization Adjustment	3,078	-	(4,954)	2,445	-	(3,936)
3	R-2	Promotional Advertising Adjustment	36	-	(57)	36	-	(57)
4	R-3	Restate Revenue Adjustment	(1,501)	-	2,416	(1,558)	-	2,507
5	R-4	Low-Income Bill Assistance	347	-	(558)	347	-	(558)
6	UTC-6	Restate Wages	-	-	-	(50)	-	81
7		<b>Restated Results</b>	<b>18,563</b>	<b>280,062</b>	<b>3,245</b>	<b>17,824</b>	<b>280,062</b>	<b>4,435</b>
<i>Pro Forma Adjustments</i>								
8	P-1	Interest Coordination Adjustment	(275)	-	442	(387)	-	624
9	P-2	Pro Forma Wage Adjustment	(935)	-	1,505	(434)	-	699
10	P-3	Pro Forma Plant Additions	(280)	17,820	2,559	49	4,745	483
11	P-4	Rate Case Costs	(194)	-	312	(61)	-	99
12	P-5	Pro Forma Compliance Department	(182)	-	293	(182)	-	293
13	P-6	MAOP Deferral Amortization	(623)	-	1,004	(275)	-	443
14	P-7	Miscellaneous Charge Changes	(63)	-	102	(63)	-	102
15	P-8	CRM Adjustment	(51)	2,978	434	(51)	2,978	434
16	P-9	Pro Forma Revenue	3,243	-	(5,220)	4,537	-	(7,304)
17	UTC-2	SERP Expense	-	-	-	355	-	(572)
18	UTC-1	Incentive Pay	-	-	-	739	-	(1,190)
19	UTC-5	Employee Arbitration	-	-	-	137	-	(221)
		<b>Pro Forma Results</b>	<b>19,204</b>	<b>300,861</b>	<b>4,674</b>	<b>22,187</b>	<b>287,785</b>	<b>(1,676)</b>
<i>TCJA Adjustments</i>								
20	TCJA-1	Restate Tax Expense	-	-	-	3,117	-	(4,129)
21	TCJA-2	Excess Deferred Taxes	-	-	-	1,870	935	(2,386)
22	TCJA-3	01/18 - 7/18 TCJA Deferral	-	-	-	1,520	-	(2,014)
23	TCJA-4	TCJA Conversion Factor	-	-	-	-	-	297
24		<b>Total Pro Forma Results (with TCJA)</b>	<b>19,204</b>	<b>300,861</b>	<b>4,674</b>	<b>28,695</b>	<b>288,720</b>	<b>(9,908)</b>
					<i>Check</i>			<i>Check</i>
					Filed Deficiency:	<b>\$5,885</b>		Calculated:
								<b>(9,908)</b>
					ROE Impact:	<b>(1,211)</b>	Check	<b>0</b>
					Check:	<b>(0)</b>		

**Cascade Natural Gas Corporation**  
*Gas Revenue Requirement Summary (\$000)*  
*12 Months Ended December 31, 2016*  
*In Thousands*

Line	Adj. No.	Description	Impact of NWIGU Adjustments				NWIGU Position
			Pre-Tax Net Oper. Income	Net Oper. Income	Rate Base	Rev. Req. Def. / (Suf.)	
1	1.00	<b>Per Book Results (Y/E Dec. 2016)</b>					
<i>Restating Adjustments:</i>							
2	R-1	Weather Normalization Adjustment	-	(633)	-	1,019	Adopt Staff
3	R-2	Promotional Advertising Adjustment	-	-	-	-	No Position
4	R-3	Restate Revenue Adjustment	-	(56)	-	91	Adopt Staff
5	R-4	Low-Income Bill Assistance	-	-	-	-	No Position
6	UTC-6	Restate Wages	(77)	(50)	-	81	
7		<b>Restated Results</b>	<b>(77)</b>	<b>(739)</b>	<b>-</b>	<b>1,190</b>	
<i>Pro Forma Adjustments</i>							
8	P-1	Interest Coordination Adjustment	-	(113)	-	181	Updated
9	P-2	Pro Forma Wage Adjustment	769	500	-	(805)	No Position
10	P-3	Pro Forma Plant Additions	506	329	(13,076)	(2,076)	Contested
11	P-4	Rate Case Costs	204	133	-	(214)	Contested
12	P-5	Pro Forma Compliance Department	-	-	-	-	No Position
13	P-6	MAOP Deferral Amortization	535	348	-	(560)	No Position
14	P-7	Miscellaneous Charge Changes	-	-	-	-	No Position
15	P-8	CRM Adjustment	-	-	-	-	No Position
16	P-9	Pro Forma Revenue	-	1,295	-	(2,084)	Adopt Staff
17	UTC-2	SERP Expense	547	355	-	(572)	Proposed
18	UTC-1	Incentive Pay	1,137	739	-	(1,190)	Proposed
19	UTC-5	Employee Arbitration	211	137	-	(221)	Proposed
		<b>Pro Forma Results</b>	<b>3,832</b>	<b>2,984</b>	<b>(13,076)</b>	<b>(6,350)</b>	
<i>TCJA Adjustments</i>							
20	TCJA-1	Restate Tax Expense	-	3,117	-	(4,129)	New
21	TCJA-2	Excess Deferred Taxes	-	1,870	935	(2,386)	New
22	TCJA-3	01/18 - 7/18 TCJA Deferral	1,925	1,520	-	(2,014)	New
23	TCJA-4	TCJA Conversion Factor	-	-	-	297	New
24		<b>Total Pro Forma Results (with TCJA)</b>	<b>5,757</b>	<b>9,492</b>	<b>(12,140)</b>	<b>(14,582)</b>	

**Cascade Natural Gas Corporation**  
*Results of Operations Summary*  
12 Months Ended December 31, 2016  
Whole Dollars

	12/31/2016 Results Per Books (1)	NWIGU Adjustments (2)	Test Year Adjusted Total (3)	Revenue Increase / (Decrease) (4)	Results After Revenue Adjustment (5)
<b>Operating Revenues</b>					
1 Natural Gas Sales	182,902,833	12,168,129	195,070,962	(9,907,827)	185,163,135
2 Gas Transportation Revenue	21,216,454	1,787,452	23,003,907	-	23,003,907
3 Other Operating Revenues	1,011,375	87,366	1,098,741		1,098,741
4 <b>REVENUES</b>	<u>205,130,662</u>	<u>14,042,947</u>	<u>219,173,609</u>	<u>(9,907,827)</u>	<u>209,265,782</u>
<b>Operating Expenses</b>					
5 Nat. Gas/Production Costs	103,593,865	4,981,076	108,574,941		108,574,941
6 Revenue Taxes	16,946,341	569,020	17,515,361	(401,465)	17,113,896
7 Production	518,989	7,924	526,913		526,913
8 Distribution	16,326,277	1,035,790	17,362,068		17,362,068
9 Customer Accounts	6,383,108	97,959	6,481,068	(37,581)	6,443,487
10 Customer Service	824,096	(533,333)	290,762		290,762
11 Sales	4,917	(4,917)	-		-
12 Administrative and General	16,459,958	(1,545,904)	14,914,054		14,914,054
13 Depreciation & Amortization	19,218,442	137,956	19,356,398		19,356,398
14 Regulatory Debits		(1,924,600)	(1,924,600)		(1,924,600)
15 Taxes Other Than Income	4,095,634	112,695	4,208,328		4,208,328
16 State & Federal Income Taxes	4,154,374	888,653	5,043,027	(1,988,444)	3,054,583
17 EDFIT Amort	-	(1,870,216)	(1,870,216)		(1,870,216)
18 <b>Total Operating Expenses</b>	<u>188,526,000</u>	<u>1,952,104</u>	<u>190,478,104</u>	<u>(2,427,490)</u>	<u>188,050,614</u>
19 <b>Net Operating Revenues</b>	<u>16,604,662</u>	<u>12,090,843</u>	<u>28,695,505</u>	<u>(7,480,337)</u>	<u>21,215,168</u>
<b>Rate Base</b>					
20 Total Plant in Service	677,314,165	7,819,297	685,133,462		685,133,462
21 Total Accumulated Depreciation	(345,424,355)	(68,978)	(345,493,333)		(345,493,333)
22 Customer Adv. For Construction	(3,771,590)	-	(3,771,590)		(3,771,590)
23 Deferred Accumulated Income Taxes	(73,667,038)	(39,814,867)	(113,481,905)		(113,481,905)
24 EDFIT	-	40,722,804	40,722,804		40,722,804
25 Working Capital Allowance	25,610,870	-	25,610,870		25,610,870
26 <b>TOTAL RATE BASE</b>	<u>280,062,051</u>	<u>8,658,255</u>	<u>288,720,307</u>	<u>-</u>	<u>288,720,307</u>
27 <b>Rate of Return</b>	5.93%		9.94%		7.35%
<b>Rev. Req. Def</b>	<b>6,397,810</b>	<b>(15,171,847)</b>	<b>(9,907,827)</b>		

**Cascade Natural Gas**  
**Revenue Requirement Calculation**  
12 Months ended December 31, 2016  
Whole Dollars

1	Adjusted Rate Base	288,720,307
2	Rate of Return	<u>7.3480000%</u>
3	Required Return (ln 1 x ln 2)	\$21,215,168
4	Adjusted Net Income	<u>\$28,695,505</u>
5	Required Net Income Increase (ln 3 - ln 4)	-\$7,480,337
6	Conversion Factor	<u>0.75499</u>
7	Revenue Increase Required (ln 5 / ln 6)	<u><b>-\$9,907,827</b></u>
8	Test Year Adjusted Revenue	\$219,173,609
9	Overall Revenue Increase	<b>-4.5205%</b>

**Cascade Natural Gas Corporation**  
*Conversion Factor Calculation*  
*Twelve Months Ended December 31, 2016*

	<u>Filed</u>	<u>Per TCJA</u>
Revenues	1.00000	1.00000
Operating Revenue Deductions		
Uncollectible Accounts	0.00379	0.00379
State B&O Tax	0.03852	0.03852
UTC Fees	0.00200	0.00200
Interest expense		
State Taxable Income	<u>0.95569</u>	<u>0.95569</u>
State Income Tax	<u>0.00000</u>	<u>0.00000</u>
Federal Taxable Income	<u>0.95569</u>	<u>0.95569</u>
Federal Income Tax @ 35%, 21%	<u>0.33449</u>	<u>0.20069</u>
Total Income Taxes	<u>0.33449</u>	<u>0.20069</u>
Total Revenue Sensitive Costs	<u>0.37880</u>	<u>0.24501</u>
Conversion Factor	<b>0.62120</b>	<b>0.75499</b>
Combo-State & Federal Income Tax		
State	0.00000	0.00000
Federal	0.35000	0.21000
State and Federal Effective Tax Rate	<u>35.0%</u>	<u>21.0%</u>

**Cascade Natural Gas Corporation**  
*Cost of Capital Calculation*  
*Twelve Months Ended December 31, 2016*

**NWIGU**

	A	B	C	D
<u>Line No:</u>	<b>COST OF CAPITAL - Company</b>	% of CAPITAL	COST	WEIGHTED COST
1	Long Term Debt	50.00%	5.295%	2.648%
2	Preferred Stock	0.00%	0.000%	0.000%
3	Common Equity	50.00%	9.400%	4.700%
4	Total	<u>100.00%</u>		<u>7.348%</u>

**Cascade, As Filed**

<u>Line No:</u>	<b>COST OF CAPITAL - Company</b>	% of CAPITAL	COST	WEIGHTED COST
1	Long Term Debt	50.00%	5.295%	2.648%
2	Preferred Stock	0.00%	0.000%	0.000%
3	Common Equity	50.00%	9.900%	4.950%
4	Total	<u>100.00%</u>		<u>7.598%</u>

**Cascade Natural Gas Corporation**  
*Revenue Requirement Adjustment Detail*  
*Twelve Months Ended December 31, 2016*

	Contested		Contested	
	Weather Normalization Adjustment R-1	Promotional Advertising Adjustment R-2	Restate Revenue Adjustment R-3	Low-Income Bill Assistance R-4
<b>1 Operating Revenues</b>				
2 Natural Gas Sales	\$ 12,463,455.49		\$ (5,477,134.53)	
3 Gas Transportation Revenue			(346,009)	
4 Other Operating Revenues				
<b>5 Total Gross Revenues</b>	<b>\$12,463,455</b>	<b>\$0</b>	<b>(\$5,823,143)</b>	
	<b>\$4,313,453</b>			
<b>Operating Expenses</b>				
6 Nat. Gas/Production Costs	8,150,003		(3,168,926)	
7 Revenue Taxes	505,019		(235,954)	
8 Production				
9 Distribution				
10 Customer Accounts	\$47,274		(\$22,087)	
11 Customer Service				(533,333)
12 Sales		(4,917)		
13 Administrative and General		(49,800)		
14 Depreciation & Amortization				
15 Regulatory Debits				
16 Taxes Other Than Income				
17 State & Federal Income Taxes	1,316,406	19,151	(838,662)	186,667
18 EDFIT Amort				
<b>19 Total Operating Expenses</b>	<b>10,018,702</b>	<b>(35,566)</b>	<b>(4,265,629)</b>	<b>(346,667)</b>
<b>20 Net Operating Revenues</b>	<b>\$2,444,754</b>	<b>\$35,566</b>	<b>(\$1,557,514)</b>	<b>\$346,667</b>
<b>21 Rate Base</b>				
22 Total Plant in Service				
23 Total Accumulated Depreciation				
24 Customer Adv. For Construction				
25 Deferred Accumulated Income Taxes				
26 EDFIT				
27 Working Capital Allowance				
<b>28 Total Rate Base</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>29 Revenue Requirement Impact</b>	<b>(\$3,935,556)</b>	<b>(\$57,253)</b>	<b>\$2,507,281</b>	<b>(\$558,063)</b>



**Cascade Natural Gas Corporation**  
*Revenue Requirement Adjustment Detail*  
*Twelve Months Ended December 31, 2016*

	Contested	Contested	Contested	
	Restate Wages  UTC-6	Interest Coordination Adjustment P-1	Pro Forma Wage Adjustment P-2	Pro Forma Plant Additions P-3
<b>1 Operating Revenues</b>				
2 Natural Gas Sales				
3 Gas Transportation Revenue				199,944
4 Other Operating Revenues				
<b>5 Total Gross Revenues</b>		<b>\$0</b>	<b>\$0</b>	<b>\$199,944</b>
<b>Operating Expenses</b>				
6 Nat. Gas/Production Costs				
7 Revenue Taxes				8,102
8 Production			7,924	
9 Distribution	67,687		360,633	
10 Customer Accounts	3,804		40,890	\$758
11 Customer Service	0			
12 Sales				
13 Administrative and General	63		220,903	
14 Depreciation & Amortization				59,945
15 Regulatory Debits				
16 Taxes Other Than Income	5,474		38,061	56,021
17 State & Federal Income Taxes	(26,960)	387,344	(233,944)	26,291
18 EDFIT Amort				
19 <b>Total Operating Expenses</b>	50,068	387,344	434,468	151,117
<b>20 Net Operating Revenues</b>	(\$50,068)	(\$387,344)	(\$434,468)	\$48,826
<b>21 Rate Base</b>				
22 Total Plant in Service				4,795,619
23 Total Accumulated Depreciation				(29,973)
24 Customer Adv. For Construction				
25 Deferred Accumulated Income Taxes				(20,981)
26 EDFIT				
27 Working Capital Allowance				
<b>28 Total Rate Base</b>	\$0	\$0	\$0	\$4,744,665
<b>29 Revenue Requirement Impact</b>	<b>\$80,599</b>	<b>\$623,546</b>	<b>\$699,404</b>	<b>\$482,636</b>

**Cascade Natural Gas Corporation**  
*Revenue Requirement Adjustment Detail*  
*Twelve Months Ended December 31, 2016*

	Contested		Contested	
	Rate Case Costs P-4	Pro Forma Compliance Department P-5	MAOP Deferral Amortization P-6	Miscellaneous Charge Changes P-7
<b>1 Operating Revenues</b>				
2 Natural Gas Sales	\$0			\$0
3 Gas Transportation Revenue	0			0
4 Other Operating Revenues	0			(101,645)
5 <b>Total Gross Revenues</b>	<b>\$0</b>			<b>(\$101,645)</b>
<b>Operating Expenses</b>				
6 Nat. Gas/Production Costs				
7 Revenue Taxes				(4,119)
8 Production				
9 Distribution		183,762	423,708	
10 Customer Accounts				(\$386)
11 Customer Service				
12 Sales				
13 Administrative and General	94,439	82,693		
14 Depreciation & Amortization				
15 Regulatory Debits				
16 Taxes Other Than Income		13,139		
17 State & Federal Income Taxes	(33,054)	(97,858)	(148,298)	(33,999)
18 EDFIT Amort				
19 <b>Total Operating Expenses</b>	61,386	181,736	275,410	(38,503)
20 <b>Net Operating Revenues</b>	<b>(\$61,386)</b>	<b>(\$181,736)</b>	<b>(\$275,410)</b>	<b>(\$63,142)</b>
<b>Rate Base</b>				
22 Total Plant in Service				
23 Total Accumulated Depreciation				
24 Customer Adv. For Construction				
25 Deferred Accumulated Income Taxes				
26 EDFIT				
27 Working Capital Allowance				
28 <b>Total Rate Base</b>	<b>\$0</b>			<b>\$0</b>
<b>29 Revenue Requirement Impact</b>	<b>\$98,818</b>	<b>\$292,558</b>	<b>\$443,354</b>	<b>\$101,645</b>

**Cascade Natural Gas Corporation**  
*Revenue Requirement Adjustment Detail*  
*Twelve Months Ended December 31, 2016*

	Contested	New	New
CRM Adjustment	Pro Forma Revenue	SERP Expense	Incentive Pay
P-8	P-9	UTC-2	UTC-1
<b>1 Operating Revenues</b>			
2 Natural Gas Sales	\$5,181,808	\$0	\$0
3 Gas Transportation Revenue	1,933,517	0	0
4 Other Operating Revenues	189,011	0	0
<b>5 Total Gross Revenues</b>	<b>\$7,304,336</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Expenses</b>			
6 Nat. Gas/Production Costs			
7 Revenue Taxes	295,972		
8 Production			
9 Distribution			
10 Customer Accounts	\$0	\$27,706	
11 Customer Service			
12 Sales			
13 Administrative and General		(546,651)	(1,136,795)
14 Depreciation & Amortization	78,011		
15 Regulatory Debits			
16 Taxes Other Than Income			
17 State & Federal Income Taxes	(27,304)	2,443,230	191,328
18 EDFIT Amort			
19 <b>Total Operating Expenses</b>	50,707	2,766,908	(355,323)
20 <b>Net Operating Revenues</b>	<b>(\$50,707)</b>	<b>\$4,537,428</b>	<b>\$355,323</b>
<b>21 Rate Base</b>			
22 Total Plant in Service	3,023,678		
23 Total Accumulated Depreciation	(39,005)		
24 Customer Adv. For Construction			
25 Deferred Accumulated Income Taxes	(6,191)		
26 EDFIT			
27 Working Capital Allowance			
28 <b>Total Rate Base</b>	<b>\$2,978,481</b>	<b>\$0</b>	<b>\$0</b>
<b>29 Revenue Requirement Impact</b>	<b>\$433,946</b>	<b>(\$7,304,336)</b>	<b>(\$571,998)</b>
			<b>(\$1,189,505)</b>

**Cascade Natural Gas Corporation**  
*Revenue Requirement Adjustment Detail*  
*Twelve Months Ended December 31, 2016*

	New	New	New	New
	Employee Arbitration  UTC-5	Restate Tax Expense TCJA-1	Excess Deferred Taxes TCJA-2	01/18 - 7/18 TCJA Deferral TCJA-3
<b>1 Operating Revenues</b>				
2 Natural Gas Sales	\$0	\$0	\$0	\$0
3 Gas Transportation Revenue	0	0	0	0
4 Other Operating Revenues	0	0	0	0
<b>5 Total Gross Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Expenses</b>				
6 Nat. Gas/Production Costs				
7 Revenue Taxes				
8 Production				
9 Distribution				
10 Customer Accounts				
11 Customer Service				
12 Sales				
13 Administrative and General	(210,756)			
14 Depreciation & Amortization				
15 Regulatory Debits				(1,924,600)
16 Taxes Other Than Income				
17 State & Federal Income Taxes	73,765	(3,117,496)	0	404,166
18 EDFIT Amort		0	(1,870,216)	
<b>19 Total Operating Expenses</b>	<b>(136,991)</b>	<b>(3,117,496)</b>	<b>(1,870,216)</b>	<b>(1,520,434)</b>
<b>20 Net Operating Revenues</b>	<b>\$136,991</b>	<b>\$3,117,496</b>	<b>\$1,870,216</b>	<b>\$1,520,434</b>
<b>21 Rate Base</b>				
22 Total Plant in Service				
23 Total Accumulated Depreciation				
24 Customer Adv. For Construction				
25 Deferred Accumulated Income Taxes			(39,787,695)	
26 EDFIT			40,722,804	
27 Working Capital Allowance				
<b>28 Total Rate Base</b>	<b>\$0</b>	<b>\$0</b>	<b>\$935,108</b>	<b>\$0</b>
<b>29 Revenue Requirement Impact</b>	<b>(\$220,528)</b>	<b>(\$4,129,173)</b>	<b>(\$2,386,122)</b>	<b>(\$2,013,839)</b>

**Cascade Natural Gas Corporation**  
*Revenue Requirement Adjustment Detail*  
*Twelve Months Ended December 31, 2016*

	New	
	TCJA Conversion Factor TCJA-4	Total Adjustments
<b>1 Operating Revenues</b>		
2 Natural Gas Sales		12,168,129
3 Gas Transportation Revenue		1,787,452
4 Other Operating Revenues		87,366
5 <b>Total Gross Revenues</b>		<b>\$14,042,947</b>
<b>Operating Expenses</b>		
6 Nat. Gas/Production Costs		\$4,981,076
7 Revenue Taxes		\$569,020
8 Production		\$7,924
9 Distribution		\$1,035,790
10 Customer Accounts		\$97,959
11 Customer Service		(\$533,333)
12 Sales		(\$4,917)
13 Administrative and General		(\$1,545,904)
14 Depreciation & Amortization		\$137,956
15 Regulatory Debits		(\$1,924,600)
16 Taxes Other Than Income		\$112,695
17 State & Federal Income Taxes	0	\$888,653
18 EDFIT Amort		(\$1,870,216)
19 <b>Total Operating Expenses</b>	0	\$1,952,104
20 <b>Net Operating Revenues</b>		\$12,090,843
<b>Rate Base</b>		
22 Total Plant in Service		\$7,819,297
23 Total Accumulated Depreciation		(\$68,978)
24 Customer Adv. For Construction		\$0
25 Deferred Accumulated Income Taxes		(\$39,814,867)
26 EDFIT		\$40,722,804
27 Working Capital Allowance		\$0
28 <b>Total Rate Base</b>		\$8,658,255
29 <b>Revenue Requirement Impact</b>	<b>\$296,949</b>	<b>(\$15,171,847)</b>

**Cascade Natural Gas Corporation**

*P-3: Post-Test Period, Pro Forma Capital Additions  
Twelve Months Ended December 31, 2016*

	<u>Cascade</u>		<u>NWIGU</u>	<u>Impact of Adjustment</u>
Plant in Service	(,z) 18,072,320		(,y) 4,795,619	(13,276,701)
Property Tax Rate	1.168%		1.168%	
Property Tax Expense	211,115		56,021	(155,094)
Depreciation Rate	2.273%		1.250%	
Depreciation Expense	410,853		59,945	(350,908)
Accumulated Depreciation	205,427		29,973	(175,454)
Tax Depreciation Rate	3.75%		3.75%	
Tax Depreciation Expense	677,712		179,836	(497,876)
Accumulated Tax Depreciation	338,856		89,918	(248,938)
Book-Tax Difference	133,429		59,945	(73,484)
ADIT	46,700		20,981	(25,719)
Pre-Tax NOI	621,968		115,966	(506,002)
Rate Base	17,820,193		4,744,665	(13,075,527)

Notes

(z) Per Parvinen, Exh. MPP-6

(y) Actual Plant in Service for the Richland Project per Response to Public Counsel Data Request 45

**Cascade Natural Gas Corporation**

*P-4: Rate Case Costs Pro Forma Adjustment*

*Twelve Months Ended December 31, 2016*

Line No.	A Vendor	B 2017 est.	C 2016	D Average
1	Concentrix	\$ 27,313.75	\$ 5,656.80	\$ 16,485.28
2	Black & Veatch	\$ 219,901.15	\$ 66,715.92	\$ 143,308.54
3	McDowell Rackner	\$ 51,296.74	\$ 37,260.18	\$ 44,278.46
4	Rate Case Costs	\$ 298,511.64	\$ 109,632.90	\$ 204,072.27
5		Less 2016 Actual Expense		\$ 109,632.90
6	Adjustment			<b>\$ 94,439.37</b>





**Cascade Natural Gas Corporation**

TCJA-2: Excess Deferred Federal Income Taxes

Twelve Months Ended December 31, 2016

Whole Dollars

Line	Book Tax Difference	ADIT at 35% Tax Rate (a)	Cum. Book Tax Difference (b) = (a) / 35%	Revalue ADIT at 21% Tax Rate (c) = (b) * 21%	EDFIT Balance (d) = (a) - (c)	Amort. Rate (e)	EDFIT Amort (f) = (d) * (e)	
1	ACRS/MACRS Depreciation	(73,443,638)	(209,838,966)	(44,066,183)	(29,377,455)	(,z)	2.83%	(829,972.21)
2	Debt Refinancing	(223,400)	(638,285)	(134,040)	(89,360)	(,y)	10.00%	(8,936.00)
3	Working Capital - Other	(25,775,029)	(73,642,939)	(15,465,017)	(10,310,011)	(,x)	10.00%	(1,031,001)
4	Total Per Results	(99,442,067)	(284,120,190)	(59,665,240)	(39,776,827)			(1,869,909)
5	P-3: Pro Forma Capital	(20,981)	(59,945)	(12,588)	(8,392)	(,z)	2.83%	(237.10)
6	P-8: CRM Adjustment	(6,191)	(17,689)	(3,715)	(2,476)	(,z)	2.83%	(69.96)
7	Total Pro-Forma	(99,469,238)	(284,197,824)	(59,681,543)	(39,787,695)			(1,870,216)

Notes

8 (z) Calculated as follows

9	Plant In Service	685,133,462.04
10	Depreciation Expense	19,356,398.48
11	Composite Rate	2.83%

12 (y) Timing of reversal unknown. Assumed 10% corresponding to a 10 year bond life. Impact is immaterial.

13 (x) Original Balance Included in Results Calculated as follows

14	Non-Plant ADIT from Working Capital WP	(36,963,320)
15		
16	Total Book Investments	\$364,902,038
17	Rate Base Investments	\$254,451,182
18	Ratio	70%

19 Non-Plant ADIT Included in Results (25,775,029)

20 Proposing a 10-year amortization for these unprotected EDFIT Balances included in working capital

**Cascade Natural Gas Corporation**

TCJA-3: Calculation of the Deferral Related to Excess Taxes Collected in Rates Over the Period January 1, 2018 through July 31, 2018

In Thousands

Line

**1 Restating Adjustment Calculation Using Gross-up Method:**

2 Rate Base	12/31/2016 Per Books	280,062
3 Equity %		50.00%
4 Equity Portion of Rate Base	Line 2 * Line 3	140,031
5 Return On Equity		9.40%
6 Pretax Return On Equity (35% Rate)	Line 5 * (1 - 35%)	14.46%
7 Pretax Equity Returns Required (35% Rate)	Line 4 * Line 5	20,250.64
8 Pretax Return on Equity (21% Rate)	Line 7 * (1 - 21%)	11.90%
9 Pretax Equity Return (21% Rate)	Line * Line 7	16,661.92
10 Annual Equity Return Differential (35% to 21% Rate)	Line 9 * Line	(3,589)

**11 Monthly Deferral Calculation**

		1/1/2018	2/1/2018	3/1/2018	4/1/2018	5/1/2018	6/1/2018	7/1/2018
12 Monthly Return Diff. at Restated 21 % Tax Rate	Line 10 / 12	299	299	299	299	299	299	299
13 Monthly EDFIT Amortization	Tab 11	156	156	156	156	156	156	156
14 Monthly EDFIT Amortization (Pretax)	Line 13 / (1-21%)	197	197	197	197	197	197	197
15 Total Deferred Amounts	Line 13 + Line 14	496	496	496	496	496	496	496
16 Carrying Charge (Per Mo. at Pre-tax ROR)		0.72%	0.72%	0.72%	0.72%	0.72%	0.72%	0.72%
17 Balance								
18 Beginning Balance		-	496	993	1,489	1,985	2,482	2,978
19 Deferral	Line 15	496	496	496	496	496	496	496
20 Interest	Line 16 * (Line 17 + Line 18 / 2)	2	5	9	12	16	20	23
21 Ending Balance	Σ Lines 18:20	496	993	1,489	1,985	2,482	2,978	3,474.382

**Cascade Natural Gas Corporation**

*TCJA-3: Deferral Amortization for Excess Taxes Collected in Rates Over the Period January 1, 2018 through July 31, 2018*

*In Thousands*

Month	Beg Balance	Amortization	Interest Rate	Interest	Ending Balance
5/1/2018	3,474	(160)	0.72%	27	3,341
6/1/2018	3,341	(160)	0.72%	26	3,207
7/1/2018	3,207	(160)	0.72%	25	3,072
8/1/2018	3,072	(160)	0.72%	24	2,936
9/1/2018	2,936	(160)	0.72%	23	2,799
10/1/2018	2,799	(160)	0.72%	22	2,661
11/1/2018	2,661	(160)	0.72%	21	2,522
12/1/2018	2,522	(160)	0.72%	20	2,382
1/1/2019	2,382	(160)	0.72%	19	2,241
2/1/2019	2,241	(160)	0.72%	18	2,099
3/1/2019	2,099	(160)	0.72%	17	1,956
4/1/2019	1,956	(160)	0.72%	16	1,812
5/1/2019	1,812	(160)	0.72%	15	1,666
6/1/2019	1,666	(160)	0.72%	14	1,520
7/1/2019	1,520	(160)	0.72%	13	1,373
8/1/2019	1,373	(160)	0.72%	12	1,225
9/1/2019	1,225	(160)	0.72%	11	1,076
10/1/2019	1,076	(160)	0.72%	10	925
11/1/2019	925	(160)	0.72%	9	774
12/1/2019	774	(160)	0.72%	8	621
1/1/2020	621	(160)	0.72%	7	468
2/1/2020	468	(160)	0.72%	6	313
3/1/2020	313	(160)	0.72%	5	157
4/1/2020	157	(160)	0.72%	3	0 <-Goal Seek to Zero
<b>Annual Amortization (Pre-tax):</b>		<b>(1,925)</b>			