



e-FILING REPORT COVER SHEET

COMPANY NAME: Cascade Natural Gas Corporation

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes If yes, submit a redacted public version (or a cover letter) by email. Submit the confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

Select report type: RE (Electric) RG (Gas) RW (Water) RT (Telecommunications) RO (Other, for example, industry safety information)

Did you previously file a similar report? No Yes, report docket number:

Report is required by: OAR 860-022-0070 Statute Order 98-543/04-203

Note: A one-time submission required by an order is a compliance filing and not a report (file compliance in the applicable docket)

Other (For example, federal regulations, or requested by Staff)

Is this report associated with a specific docket/case? No Yes, docket number:

List Key Words for this report. We use these to improve search results.

Send the completed Cover Sheet and the Report in an email addressed to PUC.FilingCenter@state.or.us

Send confidential information, voluminous reports, or energy utility Results of Operations Reports to PUC Filing Center, PO Box 1088, Salem, OR 97308-1088 or by delivery service to 3930 Fairview Industrial Drive SE, Salem, OR 97302.



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
TELEPHONE 509-734-4500 FACSIMILE 509-737-9803
www.cngc.com

April 15, 2015

Oregon Public Utility Commission
P.O. Box 1088
Salem, OR 97308-1088

Subject: Spring Earnings Review and Statement of Operations and Rate of
Return - Twelve Months Ended December 31, 2014

Enclosed for filing is Cascade Natural Gas Corporation's Spring Earnings Review and Statement of Operations and Rate of Return Report for the Twelve Months Ended December 31, 2014 for the State of Oregon.

The Spring Earnings Review has been prepared pursuant to the Earnings Sharing Stipulation approved in OPUC Order No. 98-543, as amended in Order No. 04-203 and in accordance with OAR 860-022-0070. A list of Type 1 adjustments that should be included in the earnings review were attached to Order No. 99-272 as appendix B. Based upon that list, this report contains normalizing adjustments (Type I Adjustments) to normalize Cascade's earnings. The resulting normalized earnings are compared to the Earnings Threshold for the reporting period. For Cascade, the normalized earnings result in an implied return on equity of 10.18%, which is below the current earnings threshold of 11.18%.

Additionally, the remaining portion of the report shows that Cascade's implied return on equity would be 8.06% after "Type II" or annualizing adjustments.

If there are any questions regarding these documents or the filing in general, please contact me at (509) 734-4593.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Parvinen", with a long, sweeping underline.

Michael Parvinen
Director, Regulatory Affairs

Attachments

In the Community to Serve

CASCADE NATURAL GAS CORPORATION

Statement of Operations and Rate of Return

Twelve Months Ended

December 31, 2014

State of Oregon Operations

CASCADE NATURAL GAS CORPORATION
State of Oregon
Twelve Months Ending December 31, 2014
Description of Adjustments

Type I Adjustments

(a) Removal of Promotional Advertising Expense

Removes all promotional advertising for the test period

(b) Removal of 25% of Membership Fees

Removes 25% of Membership Fees paid in the test period

(c) Normalize Uncollectible Expense

Restates uncollectible expense to the 3 year average of actual net write offs

(d) Officer's Incentive Compensation Adjustment

Adjusts test period expense for Officer's incentive compensation

(e) Employee's Incentive Compensation Adjustment

Adjusts test period expense for Employee's incentive compensation

(f) Interest Coordination Adjustment

Adjusts interest expense to the level associated with the current weighted average cost of debt

CASCADE NATURAL GAS CORPORATION
State of Oregon
Twelve Months Ending December 31, 2014
Description of Adjustments

Type II Adjustments

(a) Annualized Wage Rate

Adjusts the reporting period operating expenses to reflect the effects of the general wage increase as if it had been in effect for the entire period.

(b) PGA Commodity Sharing Adjustment

Adjusts test period revenue to add the revenues associated with the sharing of commodity costs through the PGA mechanism.

(c) Removal of Retiree Medical Credits

Adjusts administrative & general expense to remove the credits Cascade received during 2014 for the retiree medical plan.

Cascade Natural Gas Corporation
Earnings Deferral
 State of Oregon
12 months ended December 31, 2014

Adjusted overall rate of return	7.73%
Less return required for:	
Long term debt	-2.71%
Preferred stock	0.00%
	<hr/>
Return available for common	5.02%
Capitalization ratio for common	50.69%
	<hr/>
Implied ROE (common return / ratio)	9.90%
Threshold per OPUC order	11.18%
	<hr/>
Return on Equity in excess of threshold	-1.28%
Capitalization ratio for common	50.69%
	<hr/>
Overall Return in excess of threshold	-0.65%
Average rate base	\$ 70,217,371
	<hr/>
Excess earnings	\$ (456,413)
Net to Gross Conversion Factor	0.58345
Pre-Tax over the threshold Earnings	\$ (782,268)
	<hr/> <hr/>
Earnings sharing percentage	33.00%
	<hr/>
Earnings Sharing for CY 14	\$ (258,148)
	<hr/>

Cascade Natural Gas Corporation
ADJUSTED STATEMENT OF OPERATIONS AND RATE OF RETURN
FOR THE TWELVE MONTHS ENDED 12/31/14

State of Oregon

Line No.	Description (a)	Actual Statement of Operations per Books 12/31/14 (b)	Order 99-272 Appendix B Adjustments (Type I) (c)	Total Adjusted Actuals at 12/31/14 (d)	Total Annualizing Adjustments (Type II) (e)	Total Adjusted Results at 12/31/14 (f)
OPERATING REVENUES						
1	Natural Gas Sales	\$ 65,785,175	\$ 0	\$ 65,785,175	\$ 0	\$ 65,785,175
2	Gas Transportation Revenue	4,029,534	0	4,029,534	0	4,029,534
3	Other Operating Revenues	277,779	0	277,779	385,502	663,281
4	SUBTOTAL	\$ 70,092,488	\$ 0	\$ 70,092,488	\$ 385,502	\$ 70,477,990
5	LESS: Nat. Gas/Production Costs	39,527,958	0	39,527,958	0	39,527,958
6	Revenue Taxes	2,905,230	0	2,905,230	0	2,905,230
7	OPERATING MARGIN	\$ 27,659,300	\$ 0	\$ 27,659,300	\$ 385,502	\$ 28,044,802
OPERATING EXPENSES						
8	Production	100,207	0	\$ 100,207	0	100,207
9	Distribution	\$ 5,413,835	0	\$ 5,413,835	\$ 0	\$ 5,413,835
10	Customer Accounts	1,516,549	255,724	1,772,273	0	1,772,273
11	Customer Service	250,477	0	250,477	0	250,477
12	Sales	505	(505)	0	0	0%
13	Administrative & General	5,700,762	(250,859)	5,449,903	(3,025)	5,446,879
14	Depreciation & Amortization	4,880,058	0	4,880,058	0	4,880,058
15	Regulatory Debits	0	0	0	0	0
16	Taxes Other Than Income	1,870,615	0	1,870,615	11,011	1,881,626
17	State & Federal Income Taxes	2,399,137	91,993	2,491,130	150,780	2,641,910
18	TOTAL OPERATING EXPENSES	\$ 22,132,145	\$ 96,353	\$ 22,228,498	\$ 158,766	\$ 22,387,264
19	NET OPERATING INCOME	\$ 5,527,155	\$ (96,353)	\$ 5,430,802	\$ 226,736	\$ 5,657,538
RATE BASE						
20	Total Plant in Service	\$ 175,487,064	\$ 0	\$ 175,487,064	\$ 0	\$ 175,487,064
21	Total Accumulated Depreciation	(83,682,199)	0	(83,682,199)	0	(83,682,199)
22	Contributions in Aid of Construct.	0	0	0	0	0
23	Customer Advances for Construction	(797,947)	0	(797,947)	0	(797,947)
24	Deferred Accumulated Income Taxes	(23,020,004)	0	(23,020,004)	0	(23,020,004)
25	Deferred Debits	0	0	0	0	0
26	Working Capital Allowance	2,230,457	0	2,230,457	0	2,230,457
27	TOTAL RATE BASE	\$ 70,217,371	\$ 0	\$ 70,217,371	\$ 0	\$ 70,217,371
28	RATE OF RETURN	7.87%		7.73%		8.06%
IMPLIED RETURN ON EQUITY						
29	LESS: Return Required for Long Term Debt	2.71%		2.71%		2.71%
30	LESS: Return Required for Preferred Stock	0.00%		0.00%		0.00%
31	Adjusted Return Available for Common Stock	5.16%		5.02%		5.35%
32	IMPLIED RETURN (Divide by Ratio of Common to Total: 50.69%)	10.18%		9.90%		10.55%

Cascade Natural Gas Corporation

**ORDER 99-272 APPENDIX B (TYPE D) ADJUSTMENTS FOR RATE OF RETURN
FOR THE TWELVE MONTHS ENDED 12/31/14**

State of Oregon

Line No.	Description	Promotional Advertising Adjustment (a)	Removal of 25% Membership Fees (b)	Normalize Uncollectible Expense (c)	Officer's Incentive Comp. Adjustment (d)	Employee's Incentive Comp. Adjustment (e)	Interest Coordination Adjustment (f)	Total Type I Adjustments
<u>OPERATING REVENUES</u>								
1	Natural Gas Sales	\$ 0	0	0	0	0	0	\$ 0
2	Gas Transportation Revenue	0	0	0	0	0	0	0
3	Other Operating Revenues	0	0	0	0	0	0	0
4	TOTAL OPERATING REVENUE	\$ 0	0	0	0	0	0	\$ 0
<u>OPERATING EXPENSES</u>								
5	Natural Gas Purchased	\$						\$ 0
6	Manufactured Gas Production							0
7	Distribution							0
8	Customer Accounting			255,724			0	255,724
9	Customer Service							0
10	Sales	(505)						(505)
11	Administrative & General		(3,648)		(135,107)	(112,104)	0	(250,859)
12	Depreciation & Amortization							0
13	Regulatory Debits							0
14	Taxes Other Than Income	0	0	0	0	0	0	0
15	State & Federal Income Tax	202	1,457	(102,136)	53,962	44,774	93,734	91,993
16	TOTAL OPERATING EXPENSE	\$ (303)	(2,191)	153,588	(81,145)	(67,330)	93,734	\$ 96,353
17	NET OPERATING INCOME	\$ 303	2,191	(153,588)	81,145	67,330	(93,734)	\$ (96,353)
<u>RATE BASE</u>								
18	Total Plant in Service	\$						\$ 0
19	Total Accumulated Depreciation							0
20	Customer Advances for Construct.							0
21	Contributions in Aid of Construct.							0
22	Deferred Income Taxes - ACRS							0
23	Deferred Income Taxes - Other							0
24	Deferred Debits-Oregon Water							0
25	Heater Program							0
26	Deferred Debits-Astoria Cleanup							0
27	Working Capital Allowance							0
28	TOTAL RATE BASE	\$						\$ 0

Cascade Natural Gas Corporation
TYPE II ADJUSTMENTS FOR RATE OF RETURN
FOR THE TWELVE MONTHS ENDED 12/31/14

State of Oregon

Line No.	Description	Annualizing Wage Rate Adjustment (a)	Weather Adjustment (b)	PGA Commodity Sharing Adjustment (b)	Removal of Retiree Medical Credits (c)	Total Type II Adjustments
	<u>OPERATING REVENUE</u>					
1	Natural Gas Sales	\$ 0	0	0	0	\$ 0
2	Gas Transportation Revenue	0	0	0	0	0
3	Other Operating Revenue	0	0	385,502	0	385,502
4	Total Operating Revenue	\$ 0	0	385,502	0	\$ 385,502
	<u>OPERATING EXPENSES</u>					
5	Natural Gas Purchased	\$ 0	0	0	0	\$ 0
6	Manufactured Gas Production					0
7	Distribution					0
8	Customer Accounting	0	0	0	0	0
9	Customer Service					0
10	Sales					0
11	Administrative & General	25,051	0	0	(28,075)	(3,025)
12	Depreciation & Amortization					0
13	Regulatory Debits	0				0
14	Taxes Other Than Income		0	11,011	0	11,011
15	State & Federal Income Tax	(10,005)	0	149,572	11,213	150,780
16	Total Operating Expenses	\$ 15,046	0	160,583	(16,862)	\$ 158,766
17	NET OPERATING INCOME	\$ (15,046)	0	224,919	16,862	\$ 226,736
	<u>RATE BASE</u>					
18	Total Plant in Service	\$				\$ 0
19	Total Accumulated Depreciation					0
20	Customer Advances for Construct.					0
21	Contributions Aiding Construct.					0
22	Deferred Income Taxes - ACRS					0
23	Deferred Income Taxes - Other					0
24	Deferred Debits-Oregon Water					0
25	Heater Program					0
26	Deferred Debits-Astoria Cleanup					0
27	Working Capital Allowance					0
28	TOTAL RATE BASE	\$ 0	0	0	0	\$ 0

TYPE I ADJUSTMENTS

Cascade Natural Gas Corporation
PROMOTIONAL ADVERTISING EXPENSE ADJUSTMENT
State of Oregon

FERC 9130 Advertising Expense

CY 2014	\$ 505
Removal	<u>\$ (505)</u>

Cascade Natural Gas Corporation
MEMBERSHIP & DUES EXPENSE ADJUSTMENT
State of Oregon

CY 2014 Membership Fees	\$ 14,591
Removal of 25% of Total	<u>\$ (3,648)</u>

Cascade Natural Gas Corporation
NORMALIZE UNCOLLECTIBLE EXPENSE
 State of Oregon

<u>Net Write Offs</u>	
Calendar Year 2012	784,554
Calendar Year 2013	369,764
Calendar Year 2014	420,354
	<u>1,574,672</u>
3 years of Net Write Offs: 2012 - 2014	<u>1,574,672</u>
Calendar Year 2012 Total Operating Revenue	68,132,016
Calendar Year 2013 Total Operating Revenue	65,973,538
Calendar Year 2014 Total Operating Revenue	70,092,488
	<u>204,198,042</u>
Uncollectible Expenses (Bad Debt Provision) for the 12 months ended 12/31/14	284,794
3 Year Average Net Write Off as a percentage of 2012-2014 Gross Revenues	0.771%
2014 Sales	70,092,488
Proforma Expense	540,518
Adjustment to normalize Uncollectible Expenses	<u>255,724</u>

CASCADE NATURAL GAS CORPORATION
OFFICERS' INCENTIVE COMPENSATION ANNUALIZATION ADJUSTMENT

State of Oregon

CY14 Officer Incentive Compensation	\$ 555,996
Oregon Allocation %	24.30%
Oregon Total	<u>\$ 135,107</u>
Removal	<u><u>\$ (135,107)</u></u>

CASCADE NATURAL GAS CORPORATION
EMPLOYEE INCENTIVE COMPENSATION ANNUALIZATION ADJUSTMENT
State of Oregon

CY14 Employee Incentive Compensation	461,333
Oregon Allocation %	<u>24.30%</u>
Oregon Total	\$112,104
Removal	<u><u>-\$112,104</u></u>

Cascade Natural Gas Corporation
Interest Coordination Adjustment
 1-14 to 12-14

OREGON:

	Avg of Aves	Ratio	Weighted Cost	Overall Cost of Capital
Long Term Debt	172,160,625	49.31%	5.49%	2.71%
Preferred Stock	0	0.00%		0.00%
Common Equity	176,988,630	50.69%	11.20%	5.68%
	<u>349,149,255</u>	<u>100.00%</u>		<u>8.39%</u>

Rate Base 12/31/2014	Avg Cost of Debt	Subtotal	Test period Interest Expense	Adjustment	State and F.I.T.	Total Adjust
70,217,371	2.71%	1,902,891	2,137,579	(234,688)	0.39940	<u>93,734</u>

Cascade Natural Gas Corporation
UM 1283 A&G Expense Adjustment
 State of Oregon

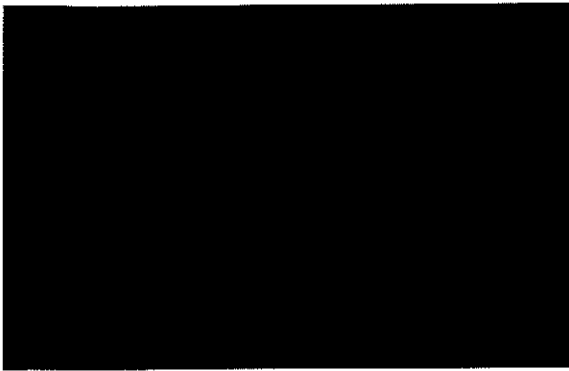
2005 A&G Benchmark (per UM-1283)	\$ 6,848,545
CPI Increase	22.34%
2014 A&G Benchmark	<u>\$ 8,378,364</u>
Cascade Actual A&G Expense	\$ 6,940,669
A&G Type 1 adjustments	<u>\$ 4,360</u>
Cascade Adjusted A&G Expense	<u>\$ 6,945,029</u>
Below Threshold (Yes/No)	YES
A&G Adjustment (if below threshold then no adjustment)	\$ -

TYPE I
ADJUSTMENT
WORKPAPERS

**Cascade Natural Gas Corporation
Oregon
Type 1 Adjustment
Memberships & Dues
CY 2014**

<u>Location</u>	Professional/ Organization Dues (5811)	Total OR
Oregon Direct	8,440	8,440
General Office	6,151	6,151
		14,591
Removal of 25% of Total		(3,648)

CASCADE NATURAL GAS CORPORATION
CY 2014 Officer Incentive Compensation



Total

\$ 555,996

CASCADE NATURAL GAS CORPORATION
EMPLOYEE INCENTIVE COMPENSATION ANNUALIZATION ADJUSTMENT
State of Oregon

		Disallowance Percentage Adjustment	
Total 2014 Employee Incentive Accrual (system)	692,000		
Incentive tied to Financial Performance (1/3)	<u>230,667</u>	100%	230,667
Incentive encouraging reduced spending (1/3)	230,667	50%	115,333
Incentive based on Customer Satisfaction (1/3)	230,667	50%	<u>115,333</u>
 Total	 692,000		 461,333
Oregon Allocation (3- Factor)	<u>24.30%</u>		<u>24.30%</u>
	<u>168,156</u>		
 Incentive Disallowance			 \$112,104
 Removal			 <u><u>-\$112,104</u></u>

**Cascade Natural Gas
Calculation of Actual A&G Expense
CY 2014 - State of Oregon**

	Actual Statement of Operations per Books 12/31/14	Order 99-272 Appendix B Adjustments (Type I)*	Total Adjusted Actuals at 12/31/14
<u>OPERATING EXPENSES</u>			
Customer Accounts	\$ 1,516,549	255,724	\$ 1,772,273
Customer Service	250,477	0	250,477
Sales	505	(505)	-
Administrative & General	5,700,762	(250,859)	5,449,903
Total	<u>\$ 7,468,293</u>	<u>\$ 4,360</u>	<u>\$ 7,472,653</u>
Remove			
Uncollectible Accounts (904)	\$ 284,794	0	\$ 284,794
Cust. Assistance Exp. (908)	242,831	0	242,831
Total (total minus 904 & 908)	<u>\$ 6,940,669</u>	<u>\$ 4,360</u>	<u>\$ 6,945,029</u>

*Excludes Type 1 Adjustment to Normalize Uncollectible Expense

Cascade Natural Gas

UM 1283 Oregon A&G Expense Benchmark
CPI Increase % Calculation

Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SA0
Not Seasonally Adjusted
Area: U.S. city average
Item: All items
Base Period: 1982-84=100

Download:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
###	175.1	175.8	176.2	176.9	177.7	178	177.5	177.5	178.3	177.7	177.4	176.7	177.1	176.6	177.5
###	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181	181.3	181.3	180.9	179.9	178.9	180.9
###	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185	184.5	184.3	184	183.3	184.6
###	185.2	186.2	187.4	188	189.1	189.7	189.4	189.5	189.9	190.9	191	190.3	188.9	187.6	190.2
###	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8	195.3	193.2	197.4
###	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8	201.6	200.6	202.6
###	202.42	203.499	205.352	206.686	207.949	208.352	208.299	207.917	208.49	208.936	210.177	210.036	207.342	205.709	208.98
###	211.08	211.693	213.528	214.823	216.632	218.815	219.964	219.086	218.783	216.573	212.425	210.228	215.303	214.429	216.18
###	211.14	212.193	212.709	213.24	213.856	215.693	215.351	215.834	215.969	216.177	216.33	215.949	214.537	213.139	215.94
###	216.69	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179	218.056	217.535	218.58
###	220.22	221.309	223.467	224.906	225.964	225.722	225.922	226.545	226.889	226.421	226.23	225.672	224.939	223.598	226.28
###	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601	229.594	228.850	230.34
###	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049	232.957	232.366	233.548
2014	233.916	234.781	236.293	237.072	237.9	238.343	238.25	237.852	238.031	237.433	236.151	234.812	236.736	236.384	237.088

FY (OCT-CY 2014)

FY05 Average 193.51
CY14 Average 236.736

CPI % Increase (2005 to 2014) 22.34%

Source(s): State Allocation Report, Rate Base

	Average of Averages	Ratio	Weighted Cost	Overall Cost of Capital
Long-Term Debt	172,160,625	49.31%	5.49%	2.71%
Preferred Stock	-	0.00%	-	0.00%
Common Equity-excl Accum OCI	176,988,630	50.69%	11.20%	5.68%
	349,149,255	100.00%		8.39%

Rate base as of		December 31, 2014	70,217,372
Average cost of debt			2.71%
Subtotal			1,302,891
Period Int Exp: Interest on long-term debt 427.0		2,090,629	
Period Int Exp: Amort. Of debt discount & exp 428.0		37,633	
Period Int. Exp: Amort. Of loss on reacq debt 428.1		9,317	2,137,579
Adjustment			(234,688)
Total adjustment @ State & F.I.T. of 39.94%			(93,734)

	7.48% MTN Due 9/15/2027	7.098% MTN Due 3/16/2029	5.25% IQN Due 2/1/2035	5.21% MTN Due 3/1/2020	5.79% Snr Nt Due 3/8/2037	4.11% Snr Nt Due 8/23/2025	4.36% Snr Nt Due 8/23/2028	4.09% Snr Nt Due	4.24% Snr Nt Due	LOC	TOTAL DEBT	COMMON EQUITY	BALANCE SHEET EQUITY
Jan-14	20,000,000	15,000,000	24,863,000	15,000,000	40,000,000	25,000,000	25,000,000	-	-	8,000,000	172,863,000	170,185,143	170,185,143
Feb-14	20,000,000	15,000,000	24,768,000	15,000,000	40,000,000	25,000,000	25,000,000	-	-	2,000,000	166,768,000	169,678,281	169,678,281
Mar-14	20,000,000	15,000,000	24,768,000	15,000,000	40,000,000	25,000,000	25,000,000	-	-	-	164,768,000	171,855,064	171,855,064
Apr-14	20,000,000	15,000,000	24,768,000	15,000,000	40,000,000	25,000,000	25,000,000	-	-	1,000,000	165,768,000	171,706,125	171,706,125
May-14	20,000,000	15,000,000	24,700,000	15,000,000	40,000,000	25,000,000	25,000,000	-	-	-	166,945,682	166,945,682	166,945,682
Jun-14	20,000,000	15,000,000	24,700,000	15,000,000	40,000,000	25,000,000	25,000,000	-	-	-	164,700,000	175,519,333	175,519,333
Jul-14	20,000,000	15,000,000	24,700,000	15,000,000	40,000,000	25,000,000	25,000,000	-	-	3,500,000	168,200,000	173,931,026	173,931,026
Aug-14	20,000,000	15,000,000	24,662,000	15,000,000	40,000,000	25,000,000	25,000,000	-	-	11,500,000	176,162,000	168,397,413	168,397,413
Sep-14	20,000,000	15,000,000	24,662,000	15,000,000	40,000,000	25,000,000	25,000,000	-	-	14,000,000	178,662,000	191,969,737	191,969,737
Oct-14	20,000,000	15,000,000	24,662,000	15,000,000	40,000,000	25,000,000	25,000,000	-	-	5,000,000	169,662,000	191,882,653	191,882,653
Nov-14	20,000,000	15,000,000	24,662,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	-	183,662,000	191,610,222	191,610,222
Dec-14	20,000,000	15,000,000	24,662,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	-	183,662,000	195,377,071	195,377,071
Dec-13	20,000,000	15,000,000	24,863,000	15,000,000	40,000,000	25,000,000	25,000,000	-	-	11,500,000	176,363,000	164,988,681	164,988,681
of Avgs	20,000,000	15,000,000	24,723,125	15,000,000	40,000,000	25,000,000	25,000,000	1,562,500	1,562,500	-	4,312,500	172,160,625	176,988,630
ul Rate	7.4800%	7.0980%	5.2500%	5.2100%	5.7900%	4.1100%	4.3600%	4.0900%	4.2400%	0.0000%	1.7500%	-	5.49%
Cost	1,496,000	1,064,700	1,297,964	781,500	2,316,000	1,027,500	1,090,000	63,906	66,250	-	74,519	9,278,339	

TYPE II ADJUSTMENTS

Cascade Natural Gas Corporation
PGA COMMODITY SHARING ADJUSTMENT
State of Oregon

CY 2014 PGA Commodity Sharing Revenue	\$(385,502)
Adjustment	<u>\$ 385,502</u>

Cascade Natural Gas Corporation
RETIREE MEDICAL ADJUSTMENT
State of Oregon

CY 2014 Retiree Medical Credits	\$ 115,537
Oregon Allocation %	<u>24.30%</u>
Oregon Total	\$ 28,075
Adjustment	<u><u>\$ (28,075)</u></u>

Cascade Natural Gas Corporation
Oregon Wage Adjustment
Adjustment to Restate CY 2014

2014	Gross Salaries/Wages	% Salary/Wage Increase	Salary/Wage Adjustment Before Taxes	Social Security Tax @	Medicare Tax @ 1.45%	Total Taxes	Adjustment to Restate CY14 Salaries/Wages
January	\$ 998,173						
February	\$ 1,114,813						
March	\$ 1,079,162						
CY14 Hourly	\$ 3,192,148	3.00%	\$ 95,764	\$ 5,937	\$ 1,389	\$ 7,326	\$ 103,090
OR 3-Factor Allocation %							24.3%
							\$ 25,051

Note: Salaried increase effective 1/1/14
Hourly increase effective 4/1/14

TYPE II
ADJUSTMENT
WORKPAPERS

**CASCADE NATURAL GAS
STATE OF OREGON
CY14**

PGA Commodity Sharing (i.e. () loss)

Jan-14	\$	(41,181.00)
Feb-14	\$	(71,475.00)
Mar-14	\$	(46,758.00)
Apr-14	\$	(89,074.00)
May-14	\$	(19,378.00)
Jun-14	\$	(9,279.00)
Jul-14	\$	(24,741.00)
Aug-14	\$	10,442.00
Sep-14	\$	(10,624.00)
Oct-14	\$	(12,952.00)
Nov-14	\$	(35,928.00)
Dec-14	\$	(34,554.00)
Total	\$	<u>(385,502.00)</u>

**Cascade Natural Gas Corp
Removal of Retiree Medical Credits
CY 2014**

Account	Amount	3-factor OR Allocation Factor	Total Oregon
Retiree Medical Credits as per Mercer Actuarial Report	\$ 115,537	0.243	\$ 28,075.49
	<u>\$ 115,537</u>		<u>\$ 28,075.49</u>

Cascade Natural Gas Corporation
Revenue Sensitive Cost Conversion Factor
State of Oregon
FOR THE TWELVE MONTHS ENDED 12/31/14

Line No. Description	Amount
1 Gross Revenue	1.00000
2 Less Uncollectibles	<u>0.00771</u>
3 Net Revenue	0.99229
Less Revenue Sensitive Costs	
4 Gross Revenue Fee	0.00250
5 City Franchise Fees	<u>0.01835</u>
6 Net Before State & Federal Income Taxes	<u>0.02085</u>
7 Oregon Income Tax @7.6%	0.97144
8 Net Before Federal Income Tax	<u>0.07383</u>
9 Federal Income Tax @ 35%	0.89761
10 Net to Gross Conversion Factor	<u><u>0.31416</u></u>

INPUT DATA AND CALCULATIONS

	Annual Thm Sales as of 09/30/06	Therms Percentage	Restatement Rates	Weighted Rates	
COMMERCIAL RATES					
R/S 104	23,584,120	0.98955	0.81029	0.80182	
R/S 111-C	249,097	0.01045	0.73502	0.00768	
	23,833,217	<u>1.00000</u>		<u>0.80950</u>	0.80950
WEIGHTED COMMERCIAL RATE				<u>0.80950</u>	0.80950
WACOG RATE - COMMODITY ONLY				<u>0.42807</u>	0.42807
RESIDENTIAL RATE			0.91049	<u>0.91049</u>	0.91049

INPUT ENTRY*****

Test Period Ended	09/30/06		
Unbilled	09/30/05	prior	
Revenue Sensitive			
Uncollectibles	0.00771		
OPUC Fees	0.00250		
City Franchise	0.01835		
	0.02856	0.971438506	
Combo-State & Federal Income Tax		2010	
State	0.07600	0.066	
Federal	0.35000	0.35000	
Combo (calculated)	0.3994	0.3929	