Oregon PUC

e-FILING REPORT COVER SHEET

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

REPORT NAME:	Spring Earnings Review and Statement of Operations and Rate of Return
COMPANY NAME:	Cascade Natural Gas Corporation
DOES REPORT CON	TAIN CONFIDENTIAL INFORMATION? No Yes
	ubmit only the cover letter electronically. Submit confidential information as directed in r the terms of an applicable protective order.
If known, please selec	t designation: RE (Electric) RG (Gas) RW (Water) RO (Other)
Report is required by:	OAR 860-022-0070
	Statute Enter statute number
	Order 98-543/04-203
	Other Enter reason
Is this report associate	d with a specific docket/case? No
If yes, enter do	ocket number: Enter Docket number
List applicable Key W Enter Key Words	ords for this report to facilitate electronic search:
• And • OU • And	Ily file with the PUC Filing Center: nual Fee Statement form and payment remittance or S or RSPF Surcharge form or surcharge remittance or y other Telecommunications Reporting or y daily safety or safety incident reports or

• Accident reports required by ORS 654.715

Please file the above reports according to their individual instructions.



In the Community to Serve'

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

April 30, 2013

Oregon Public Utility Commission 550 Capitol Street NE Salem, OR 97310-1380

ATTN: Ms. Kathy Williams

Subject: Spring Earnings Review and Statement of Operations and Rate of

Return - Twelve Months Ended December 31, 2012

Dear Ms. Williams:

Enclosed 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, 2012 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 was 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 10.19%, which is below the current earnings threshold of 10.94%.

Additionally, the remaining portion of the report shows that Cascade's implied return on equity would be 9.35% 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,

Michael Parvinen

Director, Regulatory Affairs

attachments

CASCADE NATURAL GAS CORPORATION
Statement of Operations and Rate of Return
Twelve Months Ended
December 31, 2012
State of Oregon Operations

CASCADE NATURAL GAS CORPORATION

State of Oregon

Twelve Months Ending December 31, 2012 Description of Adjustments

Type I Adjustments

(a) CAP Deferral Adjustment

Removes out of period Oregon CAP deferrals accrued during Calendar Year 2012

(b) Removal of Promotional Advertising Expense

Removes all promotional advertising for the test period

(c) Removal of 25% of Membership Fees

Removes 25% of Membership Fees paid in the test period

(d) Normalize Uncollectible Expense

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

(e) Incentive Compensation Adjustment

Adjusts test period expense for Officer incentive compensation

(f) Interest Coordination Adjustment

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

(g) UM 1283 A&G Expense Adjustment

Adjusts administrative & general expense to the lower of the benchmark for A&G expenses as detailed in UM 1283 (Commitment 10) or Cascade's adjusted actual A&G expenses. No adjustment was necessary in 2012 since Cascade's adjusted A&G expenses were below the benchmark.

CASCADE NATURAL GAS CORPORATION

Description of Adjustments

State of Oregon Twelve Months Ending December 31, 2012

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 2012 for the retiree medical plan.

Earnings Deferral

State of Oregon 12 months ended December 31, 2012

Adjusted overall rate of return Less return required for:		8.67%
Long term debt		-3.37%
Preferred stock		0.00%
		0.0070
Return available for common		5.30%
Capitalization ratio for common	***************************************	52.01%
Implied ROE (common return / ratio)		10.19%
Threshold per OPUC order		10.94%
Return on Equity in excess of threshold		-0.75%
Capitalization ratio for common		52.01%
Overall Return in excess of threshold		-0.39%
Average rate base	\$	65,499,305
Excess earnings	\$	(255,447)
Net to Gross Conversion Factor		0.58298
Pre-Tax over the threshold Earnings	\$	(438,176)
Earnings sharing percentage	***************************************	33.00%
Earnings Sharing for CY 12	\$	(144,598)

ADJUSTED STATEMENT OF OPERATIONS AND RATE OF RETURN FOR THE TWELVE MONTHS ENDED 12/31/12

<u> </u>		I Astual	_	Order 99-272		Total	1	Total	·	Total
		Actual Statement of	-	Appendix B		Adjusted		Annualizing		Adjusted
Line		Operations per		Adjustments		Actuals at	l	Adjustments		Results at
No.	Description	Books 12/31/12	- 1	(Type I)		12/31/12	1	(Type II)		12/31/12
INO.	-	(b)	١.	(c)		(d)	1	(e)		(f)
	(a)	(0)	┰	(0)		(4)	┝	(0)	_	(-/
	OPERATING REVENUES		1							
1	Natural Gas Sales	\$ 63,890,53	13 \$	107,637	\$	63,998,170	\$	0	\$	63,998,170
2	Gas Transportation Revenue	4,012,25	57	0		4,012,257	1	0		4,012,257
3	Other Operating Revenues	229,22	27	0		229,227	L	677,835		907,062
4	SUBTOTAL	\$ 68,132,0		107,637	\$	68,239,653	\$		\$	68,917,488
5	LESS: Nat. Gas/Production Costs	38,315,43	32	Ô		38,315,432	П	0	Γ	38,315,432
6	Revenue Taxes	2,889,92		0		2,889,929		0	L	2,889,929
7	OPERATING MARGIN	\$ 26,926,65	55 \$	107,637	\$	27,034,292	\$	677,835	\$	27,712,127
	OPERATING EXPENSES		1							
8	Production	53,08	14 L	0	ŝ	53,084	l	0		53,084
9	Distribution	\$ 4,721,6	- 1	0	ľ	•	s	0	s	4,721,615
10	Customer Accounts	1,985,34	- 1	(115,128)		1,870,222	ľ	0	ľ	1,870,222
11	Customer Service	599,74		(115,120)		599,740	l	0		599,740
12	Sales	2,59		(2,591)		(0)	ı	0		0%
13	Administrative & General	4,913,80		(92,004)		4,821,858	1	(23,598)		4,798,260
14	Depreciation & Amortization	4,343,3		(72,004)		4,343,316	l	(15,570)		4,343,316
15	Regulatory Debits	368,7		0		368,759	l	0		368,759
16	Taxes Other Than Income	1,789,14		3,158		1,792,303	l	19,888		1,812,191
17	State & Federal Income Taxes	2,479,8		301,797		2,781,668	l	272,209		3,053,877
18	TOTAL OPERATING EXPENSES	\$ 21,257,33		95,233	\$	21,352,565	\$	268,499	\$	21,621,064
19	NET OPERATING INCOME	\$ 5,669,37	23 \$	12,404	\$	5,681,727	s	409,336	\$	6,091,063
			+		i 		Π		Г	
	RATE BASE									
20	Total Plant in Service	\$ 161,875,46			S	161,875,466		0	\$	161,875,466
21	Total Accumulated Depreciation	(76,856,5	76)	0		(76,856,576)	1	0		(76,856,576)
22	Contributions in Aid of Construct.		0	0		0	l	0		0
23	Customer Advances for Construction	(1,139,5	1	0		(1,139,541)		0		(1,139,541)
24	Deferred Accumulated Income Taxes	(20,554,9		0		(20,554,973)		0		(20,554,973)
25	Deferred Debits		0	0		0		0		0
26	Working Capital Allowance	2,174,92		0		2,174,929	Ļ	0		2,174,929 65,499,305
27	TOTAL RATE BASE	\$ 65,499,30	13 3	0	>	65,499,305	13	V	3	05,499,305
28	RATE OF RETURN	8.60	5%			8.67%				9.30%
	IMPLIED RETURN ON EQUITY									
29	LESS: Return Required for Long									
	Term Debt	3.3	1%			3.37%	•			3.37%
30	LESS; Return Required for									0.000
	Preferred Stock	0.00	%ر			0.00%	•			0,00%
31	Adjusted Return Available for	5.00	10/			5,30%				5,93%
	Common Stock	5.29	70			5,30%	•			3,9370
1										
32	IMPLIED RETURN (Divide by Ratio of					10.19%				11,40%

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

<u> </u>			015		t to the contract of the contr					
			CAP	Promotional	Removal of	Normalize	Officer's	Interest	1	Total
Line		Ι.	Deferral		25% Membership		Incentive Comp.	Coordination		Type I
No.	Description	1	Adjustment	Adjustment	Fees	Expense	Adjustment	Adjustment		Adjustments
			(a)	(b)	(c)	(d)	(e)	(f)	L	
	OPERATING REVENUES									
1	Natural Gas Sales	S	107,637	0	0	0	0	0	\$	107,637
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 REVENUES	\$	107,637	0	0	0	0	0	\$	107,637
	OPERATING EXPENSES									
5	Natural Gas Purchased	\$							s	0
6	Manufactured Gas Production								ı	0
7	Distribution								ı	0
8	Customer Accounting					(115,128)		0		(115,128)
9	Customer Service					, , ,				0
10	Sales			(2,591)						(2,591)
11	Administrative & General			```	(3,013)		(88,990)	0		(92,004)
12	Depreciation & Amortization				,,,,,		(, , , , ,	·		0
13	Regulatory Debits									0
14	Taxes Other Than Income		3,158	0	0	0	0	0	ı	3,158
15	State & Federal Income Tax		41,729	1,035	1,203	45,982	35,543	176,305		301,797
16		S	44,887	(1,556)		(69,146)	(53,447)	176,305	s	95,233
	NET OPERATING INCOME	S	62,750	1,556	1,810	69,146	53,447	(176,305)	1	12,404
-		<u> </u>	,/	*,	-,	,-	,,,,		T	,
	RATE BASE									
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								1	0
23	Deferred Income Taxes - Other								1	0
24	Deferred Debits-Oregon Water								1	0
25	Heater Program]	0
26	Deferred Debits-Astoria Cleanup								1	0
27	Working Capital Allowance								1	0
	TOTAL RATE BASE	\$							15	0
20	I VIII IN ID DAGE	<u>Ľ</u>			L	L	L	<u></u>	٦,	υ

TYPE II ADJUSTMENTS FOR RATE OF RETURN FOR THE TWELVE MONTHS ENDED 12/31/12

⊢—	•				·	1
Line No.	Description		Annualizing Wage Rate Adjustment (a)	PGA Commodity Sharing Adjustment (b)	Removal of Retiree Medical Credits (c)	Total Type II Adjustments
	OPERATING REVENUE					
1	Natural Gas Sales	 \$	0	0	0	s o
2	Gas Transportation Revenue	ľ	0	0	0	0
3	Other Operating Revenue		0	677,835	0	677,835
4	Total Operating Revenue	\$	0	677,835	0	
	OPERATING EXPENSES					
5	Natural Gas Purchased	\$	0	0	0	\$ 0
6	Manufactured Gas Production	j				0
7	Distribution					0
8	Customer Accounting		0	0	0	0
9	Customer Service					0
10	Sales					0
11	Administrative & General		60,666	0	(84,264)	(23,598)
12	Depreciation & Amortization					0
13	Regulatory Debits		0			0
14	Taxes Other Than Income			19,888	0	19,888
15	State & Federal Income Tax		(24,230)	262,784	33,655	272,209
16	Total Operating Expenses	\$	36,436	282,672	(50,609)	
17	NET OPERATING INCOME	\$	(36,436)	395,163	50,609	\$ 409,336
	RATE BASE					
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

TYPE I ADJUSTMENTS

Cascade Natural Gas Corporation CAP DEFERRAL ADJUSTMENT

Adjustment to normalize revenues for out of period CAP deferrals	107,637
ragionistic to normalize revenues for our or period of it deretime	101,001

PROMOTIONAL ADVERTISING EXPENSE ADJUSTMENT

State of Oregon

FERC 9130 Advertising Expense

CY 2012 \$ 2,591

Removal \$ (2,591)

MEMBERSHIP & DUES EXPENSE ADJUSTMENT

CY 2012 Membership Fees	\$	12,053
Removal of 25% of Total	¢	(3.013)
Removal of 25% of Total	Ф	(3,013)

NORMALIZE UNCOLLECTIBLE EXPENSE

State of Oregon

Net Write Offs

Calendar Year 2010	580,902
Calendar Year 2011	558,095
Calendar Year 2012	784,553
	1,923,550
3 years of Net Write Offs: 2010 - 2012	1,923,550
Calendar Year 2010 Total Operating Revenue	77,799,851
Calendar Year 2011 Total Operating Revenue	80,606,310
Calendar Year 2012 Total Operating Revenue	68,132,016
	226,538,177
Uncollectible Expenses (Bad Debt Provision) for the 12 months ended 12/31/12	693,641
3 Year Average Net Write Off as a percentage of 2010-2012 Gross Revenues	0.849%
2012 Sales	68,132,016
Proforma Expense	578,513
Adjustment to normalize Uncollectible Expenses	-115,128

CASCADE NATURAL GAS CORPORATION

INCENTIVE COMPENSATION ANNUALIZATION ADJUSTMENT

CY12 Officer Incentive Compensation	\$ 366,065
Oregon Allocation %	24.31%
Oregon Total	\$ 88,990
Removal	\$ (88,990)

Interest Coordination Adjustment

1-12 to 12-12

OREGON:

	Avg of Avgs	Ratio	Weighted Cost	Overall Cost of Capital
Long Term Debt	155,452,875	47.99%	7.02%	3.37%
Preferred Stock	0	0.00%		0.00%
Common Equity	168,443,928	52.01%	11.20%	5.82%
	323,896,803	100.00%		9.19%

Rate Base 12/31/2012	Avg Cost of Debt	Subtotal	Test period Interest Expense	Adjustment	State and F.I.T.	Total Adjust
65,499,305	3.37%	2,207,327	2,648,751	(441,424)	0.39940	176,305

UM 1283 A&G Expense Adjustment

2005 A&G Benchmark (per UM-1283)	\$ 6,848,545
CPI Increase	18.65%
2012 A&G Benchmark	\$ 8,125,600
Cascade Actual A&G Expense	\$ 6,236,397
A&G Type 1 adjustments	\$ (209,722)
Cascade Adjusted A&G Expense	\$ 6,026,674
Below Threshold (Yes/No)	YES
A&G Adjustment (if below threshold then no adjustment)	\$ -

TYPE I ADJUSTMENT WORKPAPERS

	×
	Я
	Ħ
	M
*	3
ű.	3
Ŧ	6
Ę	Ξ
复	4
z	3
옿	8
3	윋
鼻	9
U	O

																62,223 60,407 Total Actua					
																82,223 80,407					
Dec-11	65£,88	37,11	2,054,372	6,124,011	0.34767	2,129,135	74,362	Decal	9,433	112.83	1,064,325	4,285,498	0.25300	1,084,231	19,300	34,648					
Nov-11	55,239		2,774,277	5,157,660	0.34779	1,793,766	19,469	NOV	865,6	86.02	808,416 1,064,325	3,071,241	0.25282	776,482	(31,934)	(12,445)					
VIB12			83,475	•••••		62,433	(221,644)	VID 13	Γ		6,679,780			6,603,413	(76,367)	(256,011)	-				
Dec-52 V	56,026	38.21	781,110 1,734,359 2,140,753 13,183,475	6,431,867	0.35272	1,445,774 2,268,648 12,961,831	127,885 (2	Dec-12	505,0	114.61	1	4,137,205	0.25735	1,064,710 6,6	(22,757)) (EL.201		7	1 2	37.11	37.11
MOV-12	668,82	37.06	1,734,359 2	4,104,775 6.	0.35222	1,445,774 2,	(388,586)	Nov-12	9,454	80.88	764,640 1,087,467	2,535,984 4,	0.25706	652,2893 3,	(312,746)	(401,332)		3	10.05	32,12	32.12
0 11 12	55,595	14.05	783,110	2,374,996	0.34767	625,715	44,605	Oct-12	5,403	45.75	430,187	1,735,739	0.25300	454,335	24,147	64,752		3	2 2	7.03	14.05
7145	54,387	8,11	445,945	901,611		313,463	(132,481)	Sep-12	9,104	32.20	685,882	898,618	0.25300	055,522	(72,234)	(204,720)	1	À		F 25	
AWE 12	524,869	5,83	319,826	1,073,821		373,335	53,449	Aug-12	9,292	26.72	248,282	1,034,504	0.23300	261,730	13,447	953,630 923,630		۱		25.5	
444	54,592	7.62	415,991	376,107		244,056	316,766 (171,935)	Jul-12	9,312		172,061	663,799	0.25300	175,531	4,470	(398/291)		1		7.62	
Jun-12	55,166	727	403,057	1,489,410		517,823		Jun-12	5,452	26.35	F2036	1,146,992	0.25300	230,189	38,153	154,919		¥			127
May-1.	55,260	8.83	487,946	1,675,464	0.34767	\$82,509	94,563	May-12	58£.6	29.45	274,388	1,259,627	0.25300	333,640	42,297	236,865		4	2 5	1 1 1	8.83
Apr.12	55,349	19,36	1,073,557	2,662,191	0.34767	325,554	(145,993)	Apr.12	9,430		\$23,742	1,769,865	0.25300	941,776	(75,966)	(221,559)	1	\$	9 07		
Mar-12	55,484	26.16	1,451,461	4,881,712	0.34767	\$22,783,5	245,763	Mar-12	9,448	75.26	777,056	3,278,197	0.25300	829,384	118,327	364,091		ž	7 5	28.63	26.16
Feb-32	\$5,454	75.77	Allowed Ms 2,282,544 1,650,866 1,451,461 1,071,557	4,437,478	0.34767	1,542,778	(308,088)	11-99-17	9,439	87.38	04,780	3,075,148	0.25300	778,012	(46,767)	(street) (street)		2	Ş		
C)-Unit	55,415	41.19	228254A	Actual Them 6,399,578	0.34767	Actual Come 2,224,941	(57,603)	14n-12	9,442	115.50	Howard Ma 2,090,551.	ctual Them 4,362,917	0.25300	Actual Cornt 1,103,818	13,267		۱ ـ ۱	1		3 %	
R/S 101:	in of Customs	Baseline Cor	Allowed Ms	Actual Them	Margin/Ther	Actual Come	CAP Adjustm	A/S 104:	# of Custom	Baseline Con	Allowed Ma	Actual Them	Margin/Ther	Actual Com	CAP Adjustr	GRAND TOT	Vormalisation of Baselin		Sheliki Auboliuluon alakases	Baseline Commodity Mark Baseline Commodity Marx	aseline Commodity Mari
					AS	ACT	VALLY	CALCI	A.K	TEC	, A.V.	O REC	OR.	×Ο,			Normalike	20.484	Salaria C	Baseline C	Baseline Co

6.101.	NA.	5	MAR	ž	MAY	NO.	ij	AUG	9	ğ	Ş	2
aseline Commodity Marg	2,30	28.24	25.25	36.46	10.30	7.04	*	5.48		16.35	28.33	37.91
aseline Commodity Marg	42.39	23.72	28.67	12.68	12.79	6.47	7.06	5.51		16.80	18.80	22.73
aseline Commodity Mary	26.23	37.64	28.63	21.49	18.09	13.06	7.62	5,55		709	32.12	37.11
aseline Commodity Mars	41.19	75.77	26.16	1936	8.83	127	7.62	5.83	8.11	14.05	32.12	37.11
ormalized Baseline Com	41.96	78.2X	26.70	16.17	10.64	6.33	7.34	2,61		15.73	30,86	37.38
5.104:	ş	ş	MAR	APR	MAY	ş	뉡	AUG	8	8	NOV) (C
aseline Commodity Marg	122.54	38.52	74.59	47.56	78.87	2637	37.75	23,31	28.19	45.50	78.18	103.51
aseline Commodity Marg	128.20	87.20	84.50	38.57	37.10	25.30	28.23	24.95	28.79	48.96	77.77	126.08
aseline Commodity Man	116.65	85.93	63.77	62.37	35,21	22.31	17	24,23	27.95	48.95	86.02	112.83
aseline Commodity Mary	55.51	87.38	75.26	3 5.52	8. 2.	26.95	18.37	28.72	32.20	45.75	86.02	112.83
omalized Baseline Com	122.04	87.83	78.05	47.22	33.63	26.37	24.72	24.95	873	46.77	19.63	109.72

V10.12			9,266,392			9,247,409	(19,583)	VTD 11			4,307,145			4,417,235	(0/8,83)	109,453	(3,416)	
77.75	56,026	37.38		6,431,867	0.35272			Dec.11	9	109.72		4,137,205	0.25300		٠			
NOV	55,839	30.35		4,104,775	0.35222			Nov-11	9,434	83.41		2,535,984	0.25706		7	i		
Z S	262,53	15.73	874,695	2,374,996	0.34767	825,715	(44,560)	11430	3,403	46.77	439,778	1,795,789	0.24940	447,670	160'9	(46,888)	55,752	-
Sep-32	×,987	7.11	390,952	901,611	0.34767	313,463	(77,494)	Sup-1.1	9,304	23,73	116,577	828,618	0.24940	224,115	(234.52)	(956,951)	(204,720)	
Aug-12	54,869	5.61	307,632	1,073,821	0.34767	373,335	65,703	Aug-1.1	9,252	24.39	232,207	1,034,504	0,24940	254,005	25,798	105.16	56,896	
71-12	ž	ž	400,705	701,976	0.34767	244,056	(156,649)	14-11	9,312	24.72	240,193	693,799	0.24940	173,033	(857,728)	233,404	(367,465)	
Jun-12	35,166	6.93	382,116	1,489,410	0.34767	517,423	135,707	Jun-11	9,352	26.37	246,643	1,146,992	0.24940	286,060	39,416	837.543	154,919	
May-32	25,260	10.64	3,87,966	1,675,464	0.34767	582,509	(5,458)	May-1.1	5,385	33.21	317,276	1,259,627	0.24940	324,151	(3,125)	(245.8)	336,860	
April	55,349	16.17	894,809	2,662,191	0.34767	925,564	38,755	April1	9,430	47.22	445,316	1,769,865	0.24940	441,404	(3,912)	26,843	(222,959)	
Mar-12.	25,484	26.70	1,481,238	4,881,712	0.34767	1,697,225	215,980	Mer-1.1	9,448	78.05	737,616	3,278,197	0.24940	285,513	991'09	296.153	364,091	
Heb-12	\$5.45	29.24	1,621,660	4,437,478	0.34767	25	(28/882)	11:48	9,439	87.83	823,059	3,075,148	0.24940	766,942	(22,23)	(340,999)	(154,855)	
Jan-12	55,435	41,96	£12,212,5	872,885,3	0.34767	2,224,941	(100,272)	Jan-33	9,442	122.08	1,152,679	Actual Thern 4,362,917	0.24940	1,046,111	(64,568)	(164,840) (140,899)	(44,336)	
R/S 101:	# of Custom	Baseline Con	Allowed Ma 2,325,213	Actual Them 6,399,578	Margin/Ther	Actual Come 2,224,941	CAP Adjustn	A/S 104:	# of Custom-	Baseline Con	Allowed Ma 1,152,679	Actual Thern	Margin/Ther	Actual Comr 1,088,111	CAP Adjustn	GRAND TOT	Actual CAP /	

Cascade Natural Gas Corporation Oregon Type 1 Adjustment Memberships & Dues

CY 2012

	Professional/	
	Organization	
	Dues	Total
Location	(5811)	OR
Oregon Direct	7,500	7,500
General Office	4,553	4,553
		12,053
Removal of 25% of Total		(3,013)

CASCADE NATURAL GAS CORPORATION CY 2012 Officer Incentive Compensation



Cascade Natural Gas Calculation of Actual A&G Expense CY 2012 - State of Oregon

OPERATING EXPENSES	Ol	Actual tatement of perations per oks 12/31/12	Order 99-272 Appendix B Adjustments (Type I)*		Total Adjusted Actuals at 12/31/12
Customer Accounts	\$	1,985,349	-115,128	\$	1,870,222
Customer Service	•	599,740	0	•	599,740
Sales		2,591	(2,591)		(0)
Administrative & General		4,913,861	(92,004)		4,821,858
Total	\$	7,501,542	\$ (209,722)	\$	7,291,820
Remove					
Uncollectible Accounts (904)	\$	693,641	0	\$	693,641
Cust. Assistance Exp. (908)		571,504	0		571,504
Total (total minus 904 & 908)	\$	6,236,397	\$ (209,722)	\$	6,026,674

^{*}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

U.S. city average Area:

All items Item:

Base Period: 1982-84=100

Download:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2001	175.1	175.8	176.2	176.9	1.77.1	178	177.5	177.5	178.3	177.7	177.4	176.7	177.1	176.6	177.5
2002	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
2003	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
2004	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
2005	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
2006	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
2007	202.416	203.499	205.352	206.686	207.949	208.352	208.299	207.917	208.49	208.936	210.177	21004%	207.342	205.709	208.976
2008	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	216.177
2009	211.143	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	215.935
2010	216.687	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	218.576
2011	220.223	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
2012	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	230.338

FY (OCT-CY 2012) 193.51

FY05 Average

229.594

CY12 Average

5	renda int Exp: Amort. Of debt discount & exp 423.0	ant or exp 4.23.0		000'07										
ē	Period Int. Exp: Amort. Of loss on reacq debt 428.	1cq debt 428.1		665'65		2,518,562								
Adjustment						(311,235)								
Total adjust	fotal adjustment @ State & F.I.T of 39.94%			And the second second		(124,307)								
		SOUTH MICH AND A 13 M. MITH PAGE	S TOW. MATER Place	AUGUST STATE	A STATE SELLON	T SAME MATERIAL DATE	A ANN. PATRA Plan	A DESCRIPTION OF THE PARTY AND	ACT MAKE A	A 27% MITS DUA 4. 70%, ANTH OLD	A YOR. BATRI CLEA		NO PRINCES	A TONO I ON
	8.06% MTN Due 9/4/2012	10/8/2012	10/8/2012	2/4/2013	2/12/2013	2/25/2013	9/15/2027	3/16/2029		9/1/2020	3/8/2037	TOTAL DEBT		EQUITY
Jan-12	200,200,41	5,000,000	3,000,000	4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,469,000	15,000,000	40,000,000	161,469,000	173,350,579	173,350,579
Feb-12	14,000,000	5,000,000	3,000,000	4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,340,000	15,000,000	40,000,000	161,340,000	172,789,060	172,789,060
Mar-12	779,000,000	5,000,000	3,000,000	4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,340,000	15,000,000	40,000,000	161,340,000	175,374,754	175,374,754
Apr-12	T4000001	2,000,000	3,000,000	4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,340,000	15,000,000	40,000,000	161,340,000	175,617,071	175,617,071
May-12	Annyann's T	5,000,000	3,000,000	4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,102,000	15,000,000	40,000,000	161,102,000	170,830,580	170,830,580
Jun-12	AUDIUULE T	5,000,000	3,000,000	4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,102,000	15,000,000	40,000,000	161,102,000	169,544,237	169,544,237
Jul-12	ann'ann'wy	5,000,000	3,000,000	4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,102,000	15,000,000	40,000,000	161,102,000	167,942,424	167,942,424
Aug-12	14,000,000	5,000,000	3,000,000	4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,090,000	15,000,000	40,000,000	161,090,000	162,660,374	162,660,374
Sep-12	•	5,000,000	3,000,000	4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,090,000	15,000,000	40,000,000	147,090,000	162,182,395	162,182,395
0 4- 12	•	•		4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,090,000	15,000,000	40,000,000	139,090,000	162,430,139	162,430,139
Nov-12	•	•	,	4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,090,000	15,000,000	40,000,000	139,090,000	161,254,558	161,254,558
Dec-12	•	•		4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,090,000	15,000,000	40,000,000	139,090,000	165,989,164	165,989,164
Dec-11	14,400,400	5,000,000	3,000,000	4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,469,000	15,000,000	40,000,000	161,469,000	168,712,762	168,712,762
of Avgs	9,916,667	3,958,333	2,375,000	- 4,000,000	10,000,000	10,000,000	20,000,000	15,000,000	25,202,875	15,000,000	40,000,000	155,452,875	168,443,928	168,443,928
ual Rate	9.1216%	8.2032%	8.2133%	9.6460%	9.7141%	9.6460%	7.5650%	7.1800%	5.4643%	5,3286%	5.8071%		11.20%	
Cost	904,559	324.710	195,066	385.840	971.410	964.600	1,513,000	1.077.000	1,377,165	799.295	2.322.854	10.835.498		

65,499,305 3.37% 2,207,327

> 2,430,097 28,866 59,599

> Period Int Exp: Interest on long-term debt 427.0 Period Int Exp: Amort. Of debt discount & exp 428.0 Period Int. Exp: Amort. Of loss on reacq debt 428.1

Overall Cost of Capital 3.37% 0.00% 5.82% 9.19%

Ratio 47.99% 0.00% 52.01% 100.00%

Average of Averages 155,452,875 168,443,928 323,896,803 December 31, 2012

Weighted Cost 7.02%

TYPE II ADJUSTMENTS

Cascade Natural Gas Corporation CY12 WAGE ADJUSTMENT

Wage Annualization Adjustment	\$ 60,666
Adjustment to Annualize & Restate	\$ 60,666

PGA COMMODITY SHARING ADJUSTMENT

CY 2012 PGA Commodity Sharing Revenue	\$ (677,835)
Adjustment	\$ 677,835

RETIREE MEDICAL ADJUSTMENT

Adjustment	\$ (84,264)
Oregon Total	\$ 84,264
Oregon Allocation %	 24.53%
CY 2012 Retiree Medical Credits	\$ 343,514

Oregon Wage Adjustment

Adjustment to Restate CY 2012

2012	Gross Salaries/Wages		% Salary/Wage Increase	Salary/Wage Adjustment Before Taxes		Social Security Tax @ 6.2%		Medicare Tax @ 1.45%	Total Taxes	Adjustment to Restate CY12 Salaries/Wages	
January	\$	643,997									
February	\$	601,667									
March	\$	632,845									
CY12 OR Hourly	\$	1,878,509	3.00%	\$	56,355	\$ 3,	494	\$ 817	\$ 4,311	\$	60,666

Note: Salaried increase effective 1/1/12 Hourly increase effective 4/1/12

TYPE II ADJUSTMENT WORKPAPERS

CASCADE NATURAL GAS STATE OF OREGON CY12

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

Jan-12	\$ 72,757.00
Feb-12	\$ 104,721.00
Mar-12	\$ 133,822.00
Apr-12	\$ 47,021.00
May-12	\$ 53,457.00
Jun-12	\$ 43,120.00
Jul-12	\$ 16,134.00
Aug-12	\$ 39,081.00
Sep-12	\$ 38,608.00
Oct-12	\$ 35,575.00
Nov-12	\$ 16,887.00
Dec-12	\$ (76,652.00)
Total	\$ 524,531.00

Cascade Natural Gas Corp Removal of Retiree Medical Credits CY 2012

			3-factor OR		Total	
Account		Amount	Amount Allocation Factor		Oregon	
Retiree Medical Credits as per Mercer Actuarial Report	\$	343,514	0.2453	\$	84,263.98	
	\$	343,514		\$	84,263.98	

Cascade Natural Gas Corporation Revenue Sensitive Cost Conversion Factor State of Oregon

FOR THE TWELVE MONTHS ENDED 12/31/12

Line	,		
No.	Description		Amount
1	Gross Revenue		1.00000
2	Less Uncollectibles		0.00849
3	Net Revenue		0.99151
	Less Revenue Sensitive Costs		
4	Gross Revenue Fee	0.00250	
5	City Franchise Fees	0.00230	0.02085
3	City Franchise Fees	0.01833	0.02083
6	Net Before State &		
	Federal Income Taxes		0.97066
_	0		0.05055
7	Oregon Income Tax @7.6%		0.07377
8	Net Before Federal Income Tax		0.89689
9	Federal Income Tax @ 35%		0.31391
10	Net to Gross Conversion Factor		0.58298