Oregon Public Utility Commission

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 Separate Yes, report docket number: RG-36
Report is required by: 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.
Spring Earnings Review - Statement of Operations
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 201 High Street SE Suite 100, Salem, OR 97301.



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

April 30, 2021

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

Subject: RG-36(9) Spring Earnings Review and Statement of Operations and Rate of Return - Twelve Months Ended December 31, 2020

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, 2020 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 7.11%, which is below the current earnings threshold of 10.40%.

Additionally, the remaining portion of the report shows that Cascade's implied return on equity would be 8.20% 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,

/s/ Michael Parvinen

Michael Parvinen
Director, Regulatory Affairs
Cascade Natural Gas Corporation
8113 W. Grandridge Blvd
Kennewick, WA 99336-7166
michael.parvinen@cngc.com

Attachments

In the Community to Serve*

CASCADE NATURAL GAS CORPORATION
Statement of Operations and Rate of Return
Twelve Months Ended
December 31, 2020
State of Oregon Operations

CASCADE NATURAL GAS CORPORATION

State of Oregon Twelve Months Ending December 31, 2020 Description of Adjustments

Type I Adjustments

(a) Removal of Promotional Advertising Expense

Removes all promotional advertising for the test period

(b) Removal of of Membership Fees

Removes 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) Incentive Compensation Adjustment

Adjusts test period expense for Officers and Employees incentive compensation

(e) 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, 2020 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.

Earnings Deferral

State of Oregon Twelve Months Ending December 31, 2020

Adjusted overall rate of return Less return required for:		6.09%
Long term debt		-2.38%
Preferred stock	-	0.00%
Return available for common		3.71%
Capitalization ratio for common		46.69%
Implied ROE (common return / ratio)		7.95%
Threshold per OPUC order 20-220		10.40%
Return on Equity in excess of threshold		-2.45%
Capitalization ratio for common		46.69%
Overall Return in excess of threshold		-1.15%
Average rate base	\$	133,391,460
Excess earnings	\$	(1,534,002)
Net to Gross Conversion Factor		0.70798
Pre-Tax over the threshold Earnings	\$	(2,166,731)
Earnings sharing percentage		33.00%
Earnings Sharing for CY 20	\$	(715,021)

ADJUSTED STATEMENT OF OPERATIONS AND RATE OF RETURN FOR THE TWELVE MONTHS ENDED 12/31/20

State	of	Oregon

Order 99-272

Total

Total

Total

		Statement of		Appendix B		Adjusted	Annualizing		Adjusted
Line							_		Results at
	D	Operations per		Adjustments		Actuals at	Adjustments		
No.	Description	Books 12/31/20		(Type I)		12/31/20	(Type II)		12/31/20
	(a)	(b)		(c)		(d)	(e)	L	(f)
	OPERATING REVENUES							١.	
1	Natural Gas Sales	\$ 40,476,714	\$	0	\$	40,476,714	\$ 0	\$	40,476,714
2	Gas Transportation Revenue	26,008,385		0		26,008,385	0		26,008,385
3	Other Operating Revenues	5,335,326		0		5,335,326	269,552		5,604,878
4	SUBTOTAL	\$ 71,820,425	\$	0	\$	71,820,425	\$ 269,552	\$	72,089,977
5	LESS: Nat. Gas/Production Costs	33,442,279		0		33,442,279	0		33,442,279
6	Revenue Taxes	3,691,823		0		3,691,823	0		3,691,823
7	OPERATING MARGIN	\$ 34,686,323	\$	0	\$	34,686,323	\$ 269,552	\$	34,955,875
	OPERATING EXPENSES								
8	Production	111,892		0	\$	111,892	0		111,892
9	Distribution	\$ 6,493,904		0		6,493,904	\$	\$	
10	Customer Accounts	1,945,909		(120,552)		1,825,357	0		1,825,357
11	Customer Service	155,139		0		155,139	0		155,139
12	Sales	6,738		(6,573)		165	0		0
13	Administrative & General	6,773,680		(789,214)		5,984,466	29,121		6,013,587
14	Depreciation & Amortization	8,276,657		(705,214)		8,276,657	2),121		8,276,657
15	Regulatory Debits	0,270,037		0		0,270,037	0		0,270,037
16	Taxes Other Than Income	2,724,181		0		2,724,181	8,116		2,732,297
				402.927					
17	State & Federal Income Taxes	591,589	Φ.	403,827	d)	995,416	62,734		1,058,150
18	TOTAL OPERATING EXPENSES	\$ 27,079,689	Þ	(512,511)	Þ	26,567,178	\$ 99,971	Þ	26,667,148
19	NET OPERATING INCOME	\$ 7,606,634	¢	512,511	¢	8,119,146	\$ 169,581	¢	8,288,727
19 1	NET OFERATING INCOME	\$ 7,000,034	Φ	312,311	Φ	0,119,140	\$ 109,361	Φ	0,200,727
	DATE DAGE								
20	RATE BASE	Φ 275 260 011	Ф	0	Ф	277.260.011	Φ	Φ.	275 260 011
20	Total Plant in Service	\$ 275,269,011		0	\$	275,269,011	\$ 0	\$	
21	Total Accumulated Depreciation	(115,734,887))	0		(115,734,887)	0		(115,734,887)
22	Contributions in Aid of Construct.	0		0		0	0		0
23	Customer Advances for Construction	(295,833)		0		(295,833)	0		(295,833)
24	Deferred Accumulated Income Taxes	(27,935,466))	0		(27,935,466)	0		(27,935,466)
25	Deferred Debits	0		0		0	0		0
26	Working Capital Allowance	2,088,635		0		2,088,635	0		2,088,635
27	TOTAL RATE BASE	\$ 133,391,460	\$	0	\$	133,391,460	\$ 0	\$	133,391,460
28	RATE OF RETURN	5.70%)			6.09%			6.21%
	IMPLIED RETURN ON EQUITY								
29	LESS: Return Required for Long								
	Term Debt	2.38%)			2.38%			2.38%
30	LESS: Return Required for								
	Preferred Stock	0.00%)			0.00%			0.00%
31	Adjusted Return Available for								
	Common Stock	3.32%)			3.71%			3.83%
32	IMPLIED RETURN (Divide by Ratio of								
	Common to Total: 46.69%	7.11%)			7.95%			8.20%
_	· · · · · · · · · · · · · · · · · · ·		_	·	_	·			

ORDER 99-272 APPENDIX B (TYPE I) ADJUSTMENTS FOR RATE OF RETURN FOR THE TWELVE MONTHS ENDED 12/31/20

					7105011				
			Promotional	Removal of	Normalize	Incentive	Interest	Total	
Line			Advertising	50% Membership	Uncollectible	Comp.	Coordination	Type I	
No.	Description		Adjustment	Fees	Expense	Adjustment	Adjustment	Adjustments	
	-		(a)	(b)	(c)	(d)	(e)	•	
	OPERATING REVENUES			, ,		. ,	, ,		
1	Natural Gas Sales	\$	0	0	0		0	s	0
2	Gas Transportation Revenue	_	0	0	0		0	•	0
3	Other Operating Revenues		0	0	0		0		0
4	TOTAL OPERATING REVENUES	\$	0	0	0	0	0	\$	٥
7	TOTAL OF ERATING REVERCES	Ψ		U	0	· · · · · ·	· · · · · · · · · · · · · · · · · · ·	Ψ	
	<u>OPERATING EXPENSES</u>								
5	Natural Gas Purchased	\$						\$	0
6	Manufactured Gas Production								0
7	Distribution								0
8	Customer Accounting				(120,552)		0	(120,55	52)
9	Customer Service								0
10	Sales		(6,573)					(6,57	/3)
11	Administrative & General			(39,052)		(750,162)	0	(789,21	4)
12	Depreciation & Amortization			, ,				` '	0
13	Regulatory Debits								0
14	Taxes Other Than Income		0	0	0	0	0		0
15	State & Federal Income Tax		1,775	10,546	32,554	202,574	156,378	403,82	27
	TOTAL OPERATING EXPENSES	\$	(4,798)		(87,998)				
	NET OPERATING INCOME	\$	4,798	28,506	87,998	547,588	(156,378)		
1,	THE TELEVISION OF THE STATE OF	Ψ	1,770	20,200	07,550	217,200	(120,370)	312,31	÷
	RATE BASE								
	KATE BASE								
18	Total Plant in Service	¢						¢	^
19	Total Accumulated Depreciation	Ф						Φ	0
	Customer Advances for Construct.								0
20									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	\$	<u> </u>					\$	0

TYPE II ADJUSTMENTS FOR RATE OF RETURN FOR THE TWELVE MONTHS ENDED 12/31/20

		1				
Line No.	Description		Annualizing Wage Rate Adjustment (a)	PGA Commodity Sharing Adjustment (b)		Total Type II Adjustments
	OPERATING REVENUE					
1	Natural Gas Sales	\$	0	0	\$	0
2	Gas Transportation Revenue	Φ	0	0	Φ	0
3	Other Operating Revenue		0	269,552		269,552
4	Total Operating Revenue	\$	0		\$	269,552
7	Total Operating Revenue	Ψ	0	207,332	Ψ	207,332
	OPERATING EXPENSES					
5	Natural Gas Purchased	\$	0	0	\$	0
6	Manufactured Gas Production					0
7	Distribution					0
8	Customer Accounting		0	0		0
9	Customer Service					0
10	Sales					0
11	Administrative & General		29,121	0		29,121
12	Depreciation & Amortization					0
13	Regulatory Debits		0			0
14	Taxes Other Than Income			8,116		8,116
15	State & Federal Income Tax		(7,864)	70,598		62,734
16	Total Operating Expenses	\$	21,257	,	\$	99,971
17	NET OPERATING INCOME	\$	(21,257)	190,838	\$	169,581
	RATE BASE					
18	Total Plant in Service	\$			\$	0
19	Total Accumulated Depreciation	Ф			Ф	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
-		<u>. </u>		Ţ.		

TYPE I ADJUSTMENTS

Cascade Natural Gas Corporation PROMOTIONAL ADVERTISING EXPENSE ADJUSTMENT

State of Oregon

FERC 913 Advertising Expense

CY 2020 \$ 6,573

Removal \$ (6,573)

MEMBERSHIP & DUES EXPENSE ADJUSTMENT

CY 2020 Membership Fees	\$ 78,105
Removal of 50%	\$ 39,052
Total Removal	\$ (39.052.44)

Cascade Natural Gas Corporation NORMALIZE UNCOLLECTIBLE EXPENSE

Calendar Year 2018	173,329
Calendar Year 2019	220,101
Calendar Year 2020	151,931
	545,361
3 years of Net Write Offs: 2018 - 2020	545,361
Calendar Year 2018 Total Operating Revenue	59,535,462
Calendar Year 2019 Total Operating Revenue	62,668,726
Calendar Year 2020 Total Operating Revenue	66,485,099
	188,689,287
Uncollectible Expenses (Bad Debt Provision) for the 12 months ended 12/31/19	312,711
3 Year Average Net Write Off as a percentage of 2018-2020 Gross Revenues	0.289%
2020 Sales	66,485,099
Proforma Expense	192,159
Adjustment to normalize Uncollectible Expenses	-120,552

CASCADE NATURAL GAS CORPORATION

INCENTIVE COMPENSATION ANNUALIZATION ADJUSTMENT

CY20 Officer Incentive Compensation	\$ 552,504		
Oregon Total	\$ 552,504		
Removal	\$ (552,504)		
Total 2019 Employee Incentive Accrual (OR)	\$ 395,314.38		
Incentive tied to Cyber and Safety Protection (1/3)	\$ 131,771.46	50%	\$ 65,885.73
Incentive encouraging Reduced O&M Spending (1/3)	\$ 131,771.46	50%	\$ 65,885.73
Incentive based on Customer Service Satisfaction (1/	\$ 131,771.46	50%	\$ 65,885.73
Total			\$ 197,657.19
Removal			\$ (197,657.19)

Cascade Natural Gas Corporation Interest Coordination Adjustment

1-20 to 12-20

OREGON:

133,391,460

2.38%

	Avg of Avgs	Ratio	Weighted Cost	Overall Cost of Capital		
Long Term Debt Preferred Stock Common Equity	360,006,917 0 315,361,035	53.31% 0.00% 46.69%	4.47% 9.40%	2.38% 0.00% 4.39%		
	675,367,952	100.00%		6.77%		
Rate Base 12/31/2020	Avg Cost of Debt		Test period Interest Expense A	Adjustment	State and F.I.T.	Total Adjust

(579,092)

3,174,717 3,753,809

0.27004 156,378

TYPE I ADJUSTMENT WORKPAPERS

Source(s): State Allocation Report, Rate Base

	Averag	e of Averages	Ratio	weighted Cost	Capitai
Long-Term Debt		360,006,917	53.31%	4.47%	2.38%
Preferred Stock		-	0.00%		0.00%
Common Equity-excl Ac	cum OCI	315,361,035	46.69%	9.40%	4.39%
		675,367,952	100.00%		6.77%
Rate base as of		December 31, 2020			133,391,460
Average cost of debt					2.38%
Subtotal					3,174,717
	Period Int Exp: Interest on long-term de	ebt 427.0	3,694,60	8	
	Period Int Exp: Amort. Of debt discount	: & exp 428.0	48,98	3	
	Period Int. Exp: Amort. Of loss on reacq	debt 428.1	10,21	8	3,753,809
Adjustment					(579,092)
Total adjustment @ Sta	te & F.I.T of 27%				(156,378)

Overall Cost of

5

	7.48% MTN Due	7.098% MTN Due	5.25% IQN Due	5.21% MTN	5.79% Snr Nt	4.11% Snr Nt Due 4	1.36% Snr Nt Due	4.09% Snr Nt Due	4.24% Snr Nt Due 4	1.09% Snr Nt DUE 4	1.24% Snr Nt DUE 3	3.62% Snr Nt DUE 3	.82% Snr Nt DUE	4.26% Snr Nt DUE 3	.58% Snr Nt DUE 3	.78% Snr Nt DUE 3	3.34% Snr Nt DUE			COMMON	BALANCE SHEET
	9/15/2027	3/16/2029	2/1/2035	Due 9/1/2020	Due 3/8/2037	8/23/2025	8/23/2028	11/24/2044	11/24/2054	1/15/2045	1/15/2055	6/13/2029	6/13/2034	6/13/2049	6/15/2050	6/15/2060	10/30/2060	LOC	TOTAL DEBT	EQUITY	EQUITY
Jan-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	70,400,000	359,614,000	314,366,051	314,366,051
Feb-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	61,375,000	350,589,000	316,611,463	316,611,463
Mar-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	53,550,000	342,764,000	320,250,364	320,250,364
Apr-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	48,350,000	337,564,000	322,301,121	322,301,121
May-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	46,050,000	335,264,000	319,350,794	319,350,794
Jun-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	-	-	339,214,000	318,028,581	318,028,581
Jul-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	-	15,950,000	355,164,000	314,993,885	314,993,885
Aug-20	20,000,000	15,000,000	24,201,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	-	22,200,000	361,401,000	309,696,940	309,696,940
Sep-20	20,000,000	15,000,000	24,201,000	-	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	-	52,500,000	376,701,000	307,734,460	307,734,460
Oct-20	20,000,000	15,000,000	24,201,000	-	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	25,000,000	45,000,000	394,201,000	308,304,682	308,304,682
Nov-20	20,000,000	15,000,000	-	-	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	25,000,000	76,200,000	401,200,000	310,190,682	310,190,682
Dec-20	20,000,000	15,000,000	-	-	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	25,000,000	54,000,000	379,000,000	336,481,087	336,481,087
Dec-19	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	64,600,000	353,814,000	308,525,705	308,525,705
Ave of Avgs	20,000,000	15,000,000	21,184,000	10,625,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	16,250,000	10,833,333	5,208,333	45,906,250	360,006,917	315,361,035	315,361,035
Annual Rate	7.4800%	7.0980%	5.2500%	5.2100%	5.7900%	4.1100%	4.3600%	4.0900%	4.2400%	4.0900%	4.2400%	3.6200%	3.8200%	4.2600%	3.5800%	3.7800%	3.3400%	2.2100%	4.47%		
Cost	1,496,000	1,064,700	1,112,160	553,563	2,316,000	1,027,500	1,090,000	511,250	530,000	511,250	530,000	905,000	764,000	1,278,000	581,750	409,500	173,958	1,014,899			

TYPE II ADJUSTMENTS

Cascade Natural Gas Corporation **CY19 WAGE ADJUSTMENT**

Wage Annualization Adjustment	\$ 29,121
Adjustment to Annualize & Restate	\$ 29,121

PGA COMMODITY SHARING ADJUSTMENT

State of Oregon

CY 2020 PGA Commodity Sharing Revenue \$ (269,552)

Adjustment \$ 269,552

Cascade Natural Gas Corporation Oregon Wage Adjustment

Adjustment to Restate CY 2020

2020 Gross Salaries/Wages		% Salary/Wage Increase	e Salary/Wage e Adjustment Before Taxes		Sec	Social urity Tax) 6.2%	Medicare Tax @ 1.45%			Total Faxes	Adjustment to Restate CY20 Salaries/Wages		
January February	\$ \$	1,495,307 1,054,496											
March	\$	1,064,249											
CY20 Hourly OR 3-Factor Allo	\$ ocation	3,614,052 %	3.00%	\$	108,422	\$	6,722	\$	1,572	\$	8,294	\$ \$	116,716 24.95% 29,121

Note: Salaried increase effective 1/1/20 Hourly increase effective 4/1/20

TYPE II ADJUSTMENT WORKPAPERS

CASCADE NATURAL GAS STATE OF OREGON CY20

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

Jan-20	\$ (131,551)
Feb-20	\$ (53,949)
Mar-20	\$ (5,580)
Apr-20	\$ 10,677
May-20	\$ 8,107
Jun-20	\$ 2,921
Jul-20	\$ 628
Aug-20	\$ 1,413
Sep-20	\$ (9,530)
Oct-20	\$ 29,845
Nov-20	\$ (24,918)
Dec-20	\$ (97,616)
Total	\$ (269,552)

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

FOR THE TWELVE MONTHS ENDED 12/31/20

Line	:			
No.	Description		Amount	
1 2	Gross Revenue Less Uncollectibles		1.00000 (0.00289)	
3	Net Revenue		0.99711	
	Less Revenue Sensitive Costs			
4	Gross Revenue Fee	0.00350		
5	City Franchise Fees	0.02372	0.02722	
6	Net Before State & Federal Income Taxes		0.96989	3.01%
7	Oregon Income Tax @7.6%		0.07371	
8	Net Before Federal Income Tax		0.89618	
9	Federal Income Tax @ 21%		0.18820	
10	Net to Gross Conversion Factor		0.70798	

	Combo-State & Feder	al Income Tax	
	State	0.07600	
	Federal	0.21000	
	Combo (calculated)	0.27004	
	Revenue Sensitive		
	Uncollectibles	0.00289	
	OPUC Fees	0.00350	
	City Franchise	0.02372	
	,	0.03011	0.969889741
U			

CASCADE NATURAL GAS CORPORATION	
Statement of Operations and Rate of Return	
Twelve Months Ended	
December 31, 2020	
State of Oregon Operations	

CASCADE NATURAL GAS CORPORATION

State of Oregon

Twelve Months Ending December 31, 2020 Description of Adjustments

Type I Adjustments

(a) Removal of Promotional Advertising Expense

Removes all promotional advertising for the test period

(b) Removal of of Membership Fees

Removes 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) Incentive Compensation Adjustment

Adjusts test period expense for Officers and Employees incentive compensation

(e) 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, 2020 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.

Earnings Deferral

State of Oregon

Twelve Months Ending December 31, 2020

Adjusted overall rate of return Less return required for: Long term debt Preferred stock		6.09% -2.38% 0.00%
Return available for common		3.71%
Capitalization ratio for common		46.69%
Implied ROE (common return / ratio)		7.95%
Threshold per OPUC order 20-220		10.40%
Return on Equity in excess of threshold		-2.45%
Capitalization ratio for common		46.69%
Overall Return in excess of threshold		-1.15%
Average rate base	\$	133,391,460
Excess earnings	\$	(1,534,002)
Net to Gross Conversion Factor		0.70798
Pre-Tax over the threshold Earnings	\$	(2,166,731)
Earnings sharing percentage	_	33.00%
Earnings Sharing for CY 20	\$	(715,021)

ADJUSTED STATEMENT OF OPERATIONS AND RATE OF RETURN FOR THE TWELVE MONTHS ENDED 12/31/20

22 Contributions in Aid of Construct. 0 0 0 0			Actual	Order 99-2	272		Total		Total		Total
Description Books 12/31/20 Crype 12/31/20			Statement of	Appendix	В		Adjusted		Annualizing		Adjusted
Common Formal Common	Line		Operations per	Adjustme	nts		Actuals at		Adjustments		Results at
Common Fig.	No.	Description	Books 12/31/20	(Type I)		12/31/20		(Type II)		12/31/20
OPERATING REVENUES \$ 40,476.714 \$ 0 \$ 40,476.714 \$ 0 \$ 40,476.714 \$ 0 \$ 40,476.714 \$ 0 \$ 40,476.714 \$ 0 \$ 40,476.714 \$ 0 \$ 40,476.714 \$ 0 \$ 40,476.714 \$ 0 \$ 40,476.714 \$ 0 \$ 40,476.714 \$ 0 \$ 40,476.714 \$ 0 \$ 26,008.385 \$ 0 \$ 26,008.385 \$ 0 \$ 26,008.385 \$ 0 \$ 26,008.385 \$ 0 \$ 26,008.385 \$ 0 \$ 26,008.385 \$ 0 \$ 26,008.385 \$ 0 \$ 26,008.385 \$ 0 \$ 26,008.385 \$ 0 \$ 275,089.777 \$ 20,008.375 \$ 20,005.522 \$ 5,004.878 \$ 20,007.872 \$ 20,008.375 \$ 20,005.279 \$ 0 \$ 33,442.279 \$ 0 \$ 33,442.279 \$ 0 \$ 33,442.279 \$ 0 \$ 33,442.279 \$ 0 \$ 33,442.279 \$ 0 \$ 33,442.279 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 33,422.79 \$ 0 \$ 34,686.323 \$ 0 \$ 5,695.82 \$ 0 \$ 0,008.23 \$ 0 \$		_	(b)				(d)				(f)
Natural Gas Sales											
Natural Gas Sales		OPERATING REVENUES									
2 Gas Transportation Revenue 26,008,385 0 26,008,385 0 26,008,385 3 Ober Operating Revenues 5,335,326 0 5,335,326 269,552 5,506,4878 5 IESS: Nat. Gas/Production Costs 33,442,279 0 31,455,875 0 11,1892 0 111,892 0 111,892 0 111,892 0 11,892 0 1,825,357 0 1,825,357	1		\$ 40,476,714	\$	0	\$	40,476,714	\$	0	\$	40,476,714
3 Other Operating Revenues 5.335,326 0 5.335,326 260,552 5.004,878	2	Gas Transportation Revenue			0				0		
SUBTOTAL STARD425 S					0				269.552		
S LESS: Nat. Gas/Production Costs 33,442,279 0 334,422,79 0 334,422,79 0 334,422,79 0 334,422,79 0 334,422,79 0 334,422,79 0 334,422,79 0 334,422,79 0 334,422,79 0 334,422,79 0 334,422,79 0 334,422,79 0 34,591,323 0 3,691,823 0 3,691,823 0 3,691,823 0 3,691,823 0 3,691,823 0 0 0 0 0 0 0 0 0				S	-	\$		\$		\$	
6 Revenue Taxes 3,691,823 0 3,691,823 0 3,091,823 7 OPERATING MARGIN \$ 34,686,323 \$ 0 \$ 34,686,323 \$ 269,552 \$ 34,955,875 8 Production 111,892 0 \$ 111,892 0 \$ 111,892 0 \$ 111,892 0 \$ 111,892 0 \$ 111,892 0 \$ 6,493,904 \$ 0 \$ 6,493,904 \$ 0 \$ 6,493,904 \$ 0 \$ 6,493,904 \$ 0 \$ 6,493,904 \$ 0 \$ 1,825,357 \$ 0 \$ 1,825,357 \$ 0 \$ 1,825,357 \$ 0 \$ 1,825,357 \$ 0 \$ 1,825,357 \$ 0 \$ 1,825,357 \$ 0 \$ 1,825,357 \$ 0 \$ 1,513,39 \$ 0 \$ 155,139 \$ 0 \$ 155,139 \$ 0 \$ 155,139 \$ 0 \$ 155,139 \$ 0 \$ 155,139 \$ 0 \$ 155,139 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 <				*		Ψ		Ψ		Ψ	
Production					_						
Production				\$		¢		Ф		Φ	
8	'	OI EKATING WAKGIN	ψ 3 4 ,060,323	Ψ	0	Ψ	34,000,323	Ψ	209,332	Ψ	34,733,673
8		OPER ATING EXPENSES									
9 Distribution S 6,493,904 0 6,493,904 \$ 0 \$ 6,493,904 \$ 0 \$ 6,493,904 \$ 0 \$ 6,493,904 \$ 0 \$ 1,825,357 \$ 0 \$ 8,276,657 \$ 0 \$ 8,276,657 \$ 0 \$ 8,276,657 \$ 0 \$ 8,276,657 \$ 0 \$ 8,276,657 \$ 0 \$ 8,276,657 \$ 0	Q	•	111 802		0	¢	111 802		0		111 802
10					_	Ψ		¢		Φ	
11 Customer Service				(120	_			Ψ		Ψ	
12 Sales 6,738 (6,573) 165 0 0 0 13 Administrative & General 6,773,680 (789,214) 5,984,466 29,121 6,013,587 14 Depreciation & Amortization 8,276,657 0 8,276,657 0 8,276,657 15 Regulatory Debits 0 0 0 0 0 0 0 16 Taxes Other Than Income 2,724,181 0 2,724,181 8,116 2,732,297 18 State & Federal Income Taxes 591,589 403,827 995,416 62,734 1,058,150 18 TOTAL OPERATING EXPENSES \$ 27,079,689 \$ (512,511) \$ 26,567,178 \$ 99,971 \$ 26,667,148 19 NET OPERATING INCOME \$ 7,606,634 \$ 512,511 \$ 8,119,146 \$ 169,581 \$ 8,288,727 RATE BASE Total Plant in Service \$ 275,269,011 \$ 0 \$ 275,269,011 15 Total Accumulated Depreciation (115,734,887) 0 (115,734,887) 0 (115,734,887) 22 Contributions in Aid of Construct. 0 0 0 0 0 0 23 Customer Advances for Construction (295,833) 0 (295,833) 0 (295,833) 0 (295,833) 24 Deferred Accumulated Income Taxes (27,935,466) 0 (27,935,466) 0 (27,935,466) 25 Deferred Debits 0 0 0 0 0 0 26 Working Capital Allowance 2,088,635 0 2,088,635 0 2,088,635 27 TOTAL RATE BASE \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 28 RATE OF RETURN 5,70% 6,09% 6,21% LESS: Return Required for Long Term Debt 2,38% 2,38% 2,38% LESS: Return Required for Long Term Debt 2,38% 3,394,600 3,339,400 28 LESS: Return Required for Long Term Debt 2,38% 3,339,400				(120						1	
13 Administrative & General 6,773,680 (789,214) 5,984,466 29,121 6,013,587 14 Depreciation & Amortization 8,276,657 0 8,276,657 0 0 0 0 0 0 0 0 0				(,	-						155,139
14 Depreciation & Amortization 8,276,657 0 8,276,657 15 Regulatory Debits 0 0 0 0 0 0 0 0 0				· ·					-		5.012.507
15				(789							
16		=	* *		Ů						8,276,657
17			~		0		· ·		· ·		0
TOTAL OPERATING EXPENSES \$ 27,079,689 \$ (512,511) \$ 26,567,178 \$ 99,971 \$ 26,667,148					0						
NET OPERATING INCOME					_						
RATE BASE 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$	18	TOTAL OPERATING EXPENSES	\$ 27,079,689	\$ (512	2,511)	\$	26,567,178	\$	99,971	\$	26,667,148
RATE BASE 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$	1 !										
Total Plant in Service \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$	19	NET OPERATING INCOME	\$ 7,606,634	\$ 512	2,511	\$	8,119,146	\$	169,581	\$	8,288,727
Total Plant in Service \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ 275,269,011 \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$ (115,734,887) \$ 0 \$											
Total Accumulated Depreciation (115,734,887) 0 (115,734,887) 0 (115,734,887) 0 (115,734,887) 22 Contributions in Aid of Construct.											
22 Contributions in Aid of Construct. 0 0 0 0 0 23 Customer Advances for Construction (295,833) 0 (295,833) 0 (295,833) 24 Deferred Accumulated Income Taxes (27,935,466) 0 (27,935,466) 0 (27,935,466) 0 (27,935,466) 0	20	Total Plant in Service	\$ 275,269,011	\$	0	\$	275,269,011	\$	0	\$	275,269,011
23 Customer Advances for Construction (295,833) 0 (295,833) 0 (295,833) 24 Deferred Accumulated Income Taxes (27,935,466) 0 (27,935,466) 0 (27,935,466) 0 (27,935,466) 0 (27,935,466) 0 (27,935,466) 0 0 0 0 0 0 0 0 0	21	Total Accumulated Depreciation	(115,734,887)		0		(115,734,887)		0		(115,734,887)
Deferred Accumulated Income Taxes (27,935,466) 0 (27,935,466) 0 (27,935,466) 25 Deferred Debits 0 0 0 0 0 0 0 0 0	22	Contributions in Aid of Construct.	0		0		0		0		0
Deferred Debits	23	Customer Advances for Construction	(295,833)		0		(295,833)		0		(295,833)
26 Working Capital Allowance 2,088,635 0 2,088,635 0 2,088,635 27 TOTAL RATE BASE \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$	24	Deferred Accumulated Income Taxes	(27,935,466)		0		(27,935,466)		0		(27,935,466)
26 Working Capital Allowance 2,088,635 0 2,088,635 0 2,088,635 27 TOTAL RATE BASE \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$	25	Deferred Debits	0		0		0		0		0
27 TOTAL RATE BASE \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 \$ 133,391,460 \$ 0 0 \$ 0 0 \$ 0 0		Working Capital Allowance	2,088,635		0		2,088,635		0		2,088,635
IMPLIED RETURN ON EQUITY LESS: Return Required for Long	27			\$	0	\$		\$	0	\$	133,391,460
IMPLIED RETURN ON EQUITY LESS: Return Required for Long				I.							· · · · · · ·
LESS: Return Required for Long Term Debt 2.38% 2.38% 2.38% 2.38% 2.38% 30 LESS: Return Required for Preferred Stock 0.00% 31 Adjusted Return Available for Common Stock 3.32% 3.32% 3.71% 3.83% 3.83% 3.83%	28	RATE OF RETURN	5.70%				6.09%				6.21%
LESS: Return Required for Long Term Debt 2.38% 2.38% 2.38% 2.38% 2.38% 30 LESS: Return Required for Preferred Stock 0.00% 31 Adjusted Return Available for Common Stock 3.32% 3.32% 3.71% 3.83% 3.83% 3.83%											
LESS: Return Required for Long Term Debt 2.38% 2.38% 2.38% 2.38% 2.38% 30 LESS: Return Required for Preferred Stock 0.00% 31 Adjusted Return Available for Common Stock 3.32% 3.32% 3.71% 3.83% 3.83% 3.83%		IMPLIED RETURN ON EQUITY									
Term Debt 2.38% 2.38% 2.38%											
Term Debt 2.38% 2.38% 2.38%	29	LESS: Return Required for Long									
LESS: Return Required for Preferred Stock		•	2.38%				2.38%				2.38%
Preferred Stock 0.00% 0.00% 0.00% 0.00% 0.00% Adjusted Return Available for Common Stock 3.32% 3.71% 3.83% 3.83% 3.71% 3.83% 3.8	30										
31 Adjusted Return Available for Common Stock 3.32% 3.71% 3.83% 32 IMPLIED RETURN (Divide by Ratio of Common to Total: 46.69% 7.11% 7.95% 8.20%	30	*	0.00%				0.00%				0.00%
Common Stock 3.32% 3.71% 3.83%	31		0.0070				0.0070				0.0070
32 IMPLIED RETURN (Divide by Ratio of Common to Total: 46.69% 7.11% 7.95% 8.20%	31		3 32%				3 71%				3 83%
Common to Total: 46.69% 7.11% 7.95% 8.20%		Common Stock	3.32%				5.71%				3.63%
Common to Total: 46.69% 7.11% 7.95% 8.20%											
Common to Total: 46.69% 7.11% 7.95% 8.20%	32	IMPLIED RETURN (Divide by Patio of									
	22	· · · · · · · · · · · · · · · · · · ·					7.050/				9 200/
5 01 22		Common to 10tal. 40.09%	7.11%	5 622			1.93%				8.20%
				5 of 22							

ORDER 99-272 APPENDIX B (TYPE I) ADJUSTMENTS FOR RATE OF RETURN FOR THE TWELVE MONTHS ENDED 12/31/20

			Promotional	Removal of	Normalize	Incentive	Interest	Total
Line				50% Membership			Coordination	
No.	Description		Adjustment	Fees	Expense	Adjustment	Adjustment	
			(a)	(b)	(c)	(d)	(e)	
	OPERATING REVENUES		(4)	(0)	(0)	(4)	(5)	
1	Natural Gas Sales	\$	0	0	0		0	\$ 0
2	Gas Transportation Revenue		0	0	0		0	0
3	Other Operating Revenues		0	0	0		0	0
4	TOTAL OPERATING REVENUE	\$	0	0	0	0	0	\$ 0
		H						<u> </u>
	OPERATING EXPENSES							
5	Natural Gas Purchased	\$						\$ 0
6	Manufactured Gas Production							0
7	Distribution							0
8	Customer Accounting				(120,552)		0	(120,552)
9	Customer Service							0
10	Sales		(6,573)					(6,573)
11	Administrative & General		() /	(39,052)		(750,162)	0	(789,214)
12	Depreciation & Amortization			, , ,				
13	Regulatory Debits							0
14	Taxes Other Than Income		0	0	0	0	0	0
15	State & Federal Income Tax		1,775	10,546	32,554	202,574	156,378	403,827
16	TOTAL OPERATING EXPENSE	\$	(4,798)	(28,506)	(87,998)	(547,588)	156,378	\$ (512,511)
17	NET OPERATING INCOME	\$	4,798	28,506	87,998	547,588	(156,378)	
	RATE BASE							
18	Total Plant in Service	\$						\$ 0
19	Total Accumulated Depreciation							0
20	Customer Advances for Construc	t.						0
21	Contributions in Aid of Construct	t.						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	L						0
28	TOTAL RATE BASE	\$						\$ 0

TYPE II ADJUSTMENTS FOR RATE OF RETURN FOR THE TWELVE MONTHS ENDED 12/31/20

Line No.	Description		Annualizing Wage Rate Adjustment (a)	PGA Commodity Sharing Adjustment (b)		Total Type II Adjustments	
	OPERATING REVENUE						
1	Natural Gas Sales	\$	0	0	\$	0	
2	Gas Transportation Revenue		0	0		0	
3	Other Operating Revenue		0	269,552		269,552	
4	Total Operating Revenue	\$	0	269,552	\$	269,552	
5	OPERATING EXPENSES Natural Gas Purchased	\$	0	0	\$	0	
6 7	Manufactured Gas Production Distribution					0	
8	Customer Accounting		0	0		0	
9	Customer Accounting Customer Service		U	0		0	
10	Sales					0	
11	Administrative & General		29,121	0		29,121	
12	Depreciation & Amortization		_>,1_1			0	
13	Regulatory Debits		0			0	
14	Taxes Other Than Income			8,116		8,116	
15	State & Federal Income Tax		(7,864)	70,598		62,734	
16	Total Operating Expenses	\$	21,257	78,714	\$	99,971	
17	NET OPERATING INCOME	\$	(21,257)	190,838	\$	169,581	
	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	

TYPE I ADJUSTMENTS

PROMOTIONAL ADVERTISING EXPENSE ADJUSTMENT

State of Oregon

FERC 913 Advertising Expense

CY 2020 \$ 6,573

Removal \$ (6,573)

MEMBERSHIP & DUES EXPENSE ADJUSTMENT

Total Removal	\$ (39,052.44)
Removal of 50%	\$ 39,052
CY 2020 Membership Fees	\$ 78,105

NORMALIZE UNCOLLECTIBLE EXPENSE

Net Write Offs	
Calendar Year 2018	173,329
Calendar Year 2019	220,101
Calendar Year 2020	151,931
	545,361
3 years of Net Write Offs: 2018 - 2020	545,361
·	
	50 525 462
Calendar Year 2018 Total Operating Revenue	59,535,462
Calendar Year 2019 Total Operating Revenue	62,668,726
Calendar Year 2020 Total Operating Revenue	66,485,099
	188,689,287
Uncollectible Expenses (Bad Debt Provision) for the 12 months ended 12/31/19	312,711
3 Year Average Net Write Off as a percentage of 2018-2020 Gross Revenues	0.289%
2020 Sales	66,485,099
Proforma Expense	192,159
Adjustment to normalize Uncollectible Expenses	-120,552

CASCADE NATURAL GAS CORPORATION

INCENTIVE COMPENSATION ANNUALIZATION ADJUSTMENT

CY20 Officer Incentive Compensation	\$	552,504		
Oregon Total	\$	552,504		
Removal	\$	(552,504)		
Total 2019 Employee Incentive Accrual (OR)	\$	395,314.38		
Incentive tied to Cyber and Safety Protection (1/2		131,771.46	50%	\$ 65,885.73
Incentive encouraging Reduced O&M Spending		131,771.46	50%	65,885.73
Incentive based on Customer Service Satisfaction	ı \$	131,771.46	50%	\$ 65,885.73
Total				\$ 197,657.19
Removal				\$ (197,657.19)

Interest Coordination Adjustment

1-20 to 12-20

OREGON:

	Avg of Avgs	Ratio	Weighted Cost	Overall Cost of Capital
Long Term Debt	360,006,917	53.31%	4.47%	2.38%
Preferred Stock	0	0.00%		0.00%
Common Equity	315,361,035	46.69%	9.40%	4.39%
	675,367,952	100.00%		6.77%

Rate Base 12/31/2020	Avg Cost of Debt	Subtotal	Test period Interest Expense	Adjustment	State and F.I.T.	Total Adjust
133,391,460	2.38%	3,174,717	3,753,809	(579,092)	0.27004	156,378

TYPE I ADJUSTMENT WORKPAPERS

Source(s): State Allocation Report, Rate Base

Source(s). State Anoca	tion report, rate base						
					Overall Cost of		
	Av	erage of Averages	Ratio	Weighted Cost	Capital		
Long-Term Debt		360,006,917	53.31%	4.47%	2.38%		
Preferred Stock		-	0.00%		0.00%		
Common Equity-excl A	Accum OCI	315,361,035	46.69%	9.40%	4.39%		
		675,367,952	100.00%		6.77%		
Rate base as of		December 31, 2020			133,391,460		
Average cost of debt					2.38%		
Subtotal					3,174,717		
	Period Int Exp: Interest on Ion	g-term debt 427.0	3,694,608	3			
	Period Int Exp: Amort. Of debt	discount & exp 428.0	48,983	3			
	Period Int. Exp: Amort. Of loss	on reacq debt 428.1	10,218	3	3,753,809		
Adjustment					(579,092)		
Total adjustment @ State & F.I.T of 27%							

5

				5.21% MTN				4.09% Snr Nt	4.24% Snr Nt								3.34% Snr Nt				
	7.48% MTN Due	7.098% MTN	5.25% IQN Due	Due		4.11% Snr Nt	4.36% Snr Nt	Due	Due	4.09% Snr Nt	4.24% Snr Nt	3.62% Snr Nt	3.82% Snr Nt	4.26% Snr Nt	3.58% Snr Nt	3.78% Snr Nt	DUE			COMMON	BALANCE
	9/15/2027	Due 3/16/2029	2/1/2035	9/1/2020	Due 3/8/2037	Due 8/23/2025	Due 8/23/2028	11/24/2044	11/24/2054	DUE 1/15/2045	DUE 1/15/2055	DUE 6/13/2029	DUE 6/13/2034	DUE 6/13/2049	DUE 6/15/2050	DUE 6/15/2060	10/30/2060	LOC	TOTAL DEBT	EQUITY	SHEET EQUITY
Jan-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	70,400,000	359,614,000	314,366,051	314,366,051
Feb-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	61,375,000	350,589,000	316,611,463	316,611,463
Mar-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	53,550,000	342,764,000	320,250,364	320,250,364
Apr-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	48,350,000	337,564,000	322,301,121	322,301,121
May-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	46,050,000	335,264,000	319,350,794	319,350,794
Jun-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	-	-	339,214,000	318,028,581	318,028,581
Jul-20	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	-	15,950,000	355,164,000	314,993,885	314,993,885
Aug-20	20,000,000	15,000,000	24,201,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	-	22,200,000	361,401,000	309,696,940	309,696,940
Sep-20	20,000,000	15,000,000	24,201,000	-	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	-	52,500,000	376,701,000	307,734,460	307,734,460
Oct-20	20,000,000	15,000,000	24,201,000	-	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	25,000,000	45,000,000	394,201,000	308,304,682	308,304,682
Nov-20	20,000,000	15,000,000	-	-	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	25,000,000	76,200,000	401,200,000	310,190,682	310,190,682
Dec-20	20,000,000	15,000,000	-	-	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	30,000,000	20,000,000	25,000,000	54,000,000	379,000,000	336,481,087	336,481,087
Dec-19	20,000,000	15,000,000	24,214,000	15,000,000	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	-	-	-	64,600,000	353,814,000	308,525,705	308,525,705
Ave of Avgs	20,000,000	15,000,000	21,184,000	########	40,000,000	25,000,000	25,000,000	12,500,000	12,500,000	12,500,000	12,500,000	25,000,000	20,000,000	30,000,000	16,250,000	10,833,333	5,208,333	45,906,250	360,006,917	315,361,035	315,361,035
Annual Rate	7.4800%	7.0980%	5.2500%	5.2100%	5.7900%	4.1100%	4.3600%	4.0900%	4.2400%	4.0900%	4.2400%	3.6200%	3.8200%	4.2600%	3.5800%	3.7800%	3.3400%	2.2100%	4.47%		
Cost	1,496,000	1,064,700	1,112,160	553,563	2,316,000	1,027,500	1,090,000	511,250	530,000	511,250	530,000	905,000	764,000	1,278,000	581,750	409,500	173,958	1,014,899			

TYPE II ADJUSTMENTS

CY19 WAGE ADJUSTMENT

Wage Annualization Adjustment	\$ 29,121
Adjustment to Annualize & Restate	\$ 29,121

PGA COMMODITY SHARING ADJUSTMENT

State of Oregon

CY 2020 PGA Commodity Sharing Revenue \$(269,552)

Adjustment \$ 269,552

Cascade Natural Gas Corporation Oregon Wage Adjustment

Adjustment to Restate CY 2020

2020	Sal	Gross aries/Wages	% Salary/Wage Increase	Α	alary/Wage djustment fore Taxes	S T	ecurity ax @	dicare Tax 1.45%	7	Total Faxes	Res	justment to state CY20 ries/Wages
January	\$	1,495,307										
•	Ţ.											
February	\$	1,054,496										
March	\$	1,064,249										
CY20 Hourly	\$	3,614,052	3.00%	\$	108,422	\$	6,722	\$ 1,572	\$	8,294	\$	116,716
OR 3-Factor All	ocatio	n %			•							24.95%
											\$	29,121

Note: Salaried increase effective 1/1/20 Hourly increase effective 4/1/20

TYPE II ADJUSTMENT WORKPAPERS

CASCADE NATURAL GAS STATE OF OREGON CY20

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

Jan-20	\$ (131,551)
Feb-20	\$ (53,949)
Mar-20	\$ (5,580)
Apr-20	\$ 10,677
May-20	\$ 8,107
Jun-20	\$ 2,921
Jul-20	\$ 628
Aug-20	\$ 1,413
Sep-20	\$ (9,530)
Oct-20	\$ 29,845
Nov-20	\$ (24,918)
Dec-20	\$ (97,616)
Total	\$ (269,552)

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

FOR THE TWELVE MONTHS ENDED 12/31/20

Line				
No.	Description		Amount	
1			1 00000	
1	Gross Revenue		1.00000	
2	Less Uncollectibles		(0.00289)	
3	Net Revenue		0.99711	
	Less Revenue Sensitive Costs			
4	Gross Revenue Fee	0.00350		
5	City Franchise Fees	0.02372	0.02722	
				
6	Net Before State &			
	Federal Income Taxes		0.96989	3.01%
7	Oregon Income Tax @7.6%		0.07371	
	0.0800000000000000000000000000000000000			
8	Net Before Federal Income Tax		0.89618	
9	Federal Income Tax @ 21%		0.18820	
10	Net to Gross Conversion Factor		0.70798	

Combo-State & Fe	ederal Income Ta	ax
State	0.07600	
Federal	0.21000	
Combo (calculate	0.27004	
Revenue Sensitive		
Uncollectibles	0.00289	
OPUC Fees	0.00350	
City Franchise	0.02372	
	0.03011	0.969889741