

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2073

In the Matter of

CASCADE NATURAL GAS
CORPORATION,

Petition to File Depreciation Study.

ORDER

DISPOSITION: STIPULATION ADOPTED

I. INTRODUCTION

In this order, we adopt a stipulation that resolves all issues related to the Depreciation Study filed by Cascade Natural Gas Corporation. The stipulation, attached as Appendix A, is between Cascade and the other two parties to the docket: Staff of the Public Utility of Oregon and the Alliance of Western Energy Consumers (collectively the Stipulating Parties).

II. BACKGROUND

As a public utility providing natural gas utility service within the meaning of ORS 757.005, Cascade is subject to our jurisdiction with respect to the prices and terms of service for its retail customers. Pursuant to ORS 757.140, we determine the proper and adequate rates of depreciation for each of the classes of property owned by the public utility. Those rates must be sufficient to provide the utility the amounts required over and above the expenses of maintenance to keep such property in a state of efficiency. Each public utility is required to conform its depreciation accounts to the rates that we establish.

In Order No. 15-315, entered on October 14, 2015, we adopted a stipulation in docket UM 1727 addressing a depreciation study filed by Cascade on April 15, 2015, for all gas plants as of December 31, 2013. Cascade was obligated by that adopted stipulation to file a new depreciation study within five years of the date that the previous depreciation study was filed.

On March 26, 2020, Cascade initiated these proceedings by filing a petition to file an updated depreciation study. This study was performed by a third-party evaluator, Concentric Energy Advisors. It updates the company's book depreciation on all gas plant in service as of December 31, 2018. The study's results show that Cascade's current depreciation expense should be increased by approximately \$1.2 million on a system basis. Cascade proposes that updated depreciation rates be applied starting January 1, 2021.

Following a prehearing conference held on May 8, 2020, the parties conducted discovery. Pursuant to the procedural schedule adopted on May 11, 2020, a settlement conference was held on August 13, 2020. After the conference, the parties exchanged additional information, including updated depreciation rates based on depreciation parameters agreed to at the settlement conference. All issues raised in the docket were deemed settled by the parties as a result of the settlement conference and the information exchanged afterwards, and Staff's motion to suspend the procedural schedule to allow development of a written stipulation and supporting testimony was granted on August 19, 2020. On September 2, 2020, a stipulation was filed. Joint testimony supporting the stipulation was filed on September 15, 2020.

III. STIPULATION TERMS

Initial differences with regard to the interpretation and judgment of the underlying data for survivor curve project life parameters, net salvage rates for distribution plant, and net salvage rates for general plant were discussed, the Stipulating Parties indicate, and reasonable compromises on stipulated parameters were reached. The stipulation includes three tables setting forth stipulated parameters: Table 1: Survivor Curve Project Life Parameters; Table 2: Net Salvage Rates—Distribution Plant; and Table 3: Net Salvage Rates—General Plant.

Applying the stipulated parameters and net salvage rates to Cascade's plant balances as of December 31, 2018, the stipulation provides revised depreciation rates, as set forth in Attachment 1 to the stipulation. The depreciation rates agreed to in the stipulation will produce annual depreciation expense of approximately \$30.8 million system-wide resulting in approximately a \$1.2 million decrease in the annual depreciation expense that would have resulted from Cascade's proposed Depreciation Study. The Stipulating Parties recommend that the updated depreciation rates be adopted. If adopted, the revised depreciation rates would become effective for ratemaking purposes upon the completion of Cascade's general rate case, docket UG 390.

The Stipulating Parties also agreed that Cascade will file its next depreciation study by the end of March 2025.

IV. RESOLUTION

We adopt the stipulation, finding the settled parameters to represent appropriate and reasonable resolutions to the issues in this docket. Rates reflecting these adjustments will be fair, just, and reasonable and provide Cascade with adequate revenues, consistent with the standard in ORS 756.040.

V. ORDER

IT IS ORDERED that:

1. The stipulation between Cascade Natural Gas Corporation and the other parties, consisting of the Staff of the Public Utility Commission of Oregon, and the Alliance of Western Energy Consumers, attached as Appendix A, is adopted.
2. Cascade Natural Gas Corporation is directed to file its next depreciation study by the end of March 2025.

Made, entered, and effective Dec 10 2020.



Megan W. Decker
Chair



Letha Tawney
Commissioner



Mark R. Thompson
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 2073

In the Matter of

CASCADE NATURAL GAS
CORPORATION,

Petition to File Depreciation Study.

STIPULATION

I. INTRODUCTION

This Stipulation is entered into to resolve the depreciation rates for plant in service. The parties to this Stipulation are Cascade Natural Gas Corporation ("Cascade" or "Company"), Public Utility Commission of Oregon Staff ("Staff"), and the Alliance of Western Energy Consumers ("AWEC") (individually, "Stipulating Party," and collectively, "Stipulating Parties"). This proceeding concerns Cascade's depreciation study and proposed depreciation rates, and the Stipulating Parties are the only parties to this proceeding, and expect this Stipulation will resolve all issues in this case.

II. BACKGROUND

On March 26, 2020, Cascade filed a petition to file a depreciation study and proposed depreciation rates to become effective January 1, 2021 ("Initial Filing"). In the Initial Filing, the Company filed a depreciation study, which provided an analysis of depreciation parameters that show the Company's depreciation expense should be increased by approximately \$1.2 million. Administrative Law Judge Allan Arlow convened a Prehearing Conference on May 8, 2020.

On August 13, 2020, the Stipulating Parties participated in a settlement conference to discuss the depreciation parameters, including the Company's proposed survivor curves and salvage rates. The Stipulating Parties agree that the depreciation rates agreed to in this Stipulation will result in annual depreciation expense of approximately \$30.8 million system-wide,

resulting in an approximate \$1.2 million decrease from the annual depreciation expense proposed in the Depreciation Study. Table 1 in the Attachment 1 to this Stipulation includes a complete list of all Cascade depreciation parameters for all utility plant by FERC account. The settlement conference culminated in an agreement resolving the depreciation parameters and proposed depreciation rates in this proceeding, and this Stipulation memorializes the Stipulating Parties' agreements.

III. TERMS OF AGREEMENT

The Stipulation resolves the issues addressed below:

1. Cascade's Proposed Survivor Curve Project Life Parameters and Net Salvage Rates. Except as specifically modified by the terms of this Stipulation, the Stipulating Parties agree to the results of Cascade's proposed survivor curve project life parameters and net salvage rates.

2. Survivor Curve Project Life Parameters. The Stipulating Parties agree to the survivor curve project life parameters as shown in Table 1, below.

Table 1. Survivor Curve Project Life Parameters

Distribution Plant	Account	Cascade Proposal	Stipulated Parameters
LAND RIGHTS	374.2	60-R3	60-R3
STRUCTURES AND IMPROVEMENTS	375.1	45-R3.5	47-R2.5
MAINS - STEEL	376.1	75-R4	75-R4
MAINS - HIGH PRESSURE	376.2	85-R2.5	80-R2.5
MAINS - PLASTIC (POLYETHYLENE)	376.3	45-R4	50-R3
COMPRESSOR STATION EQUIP.	377.0	35-R3	35-R3
MEAS & REG STATION EQUIP-GENERAL	378.0	65-R1.5	65-R1.5
SERVICES - STEEL	380.1	60-R4	60-R4
SERVICES - PLASTIC (POLYETHYLENE)	380.3	35-S4	43-R2
METERS & METER INSTALLATIONS	381.0	40-S0.5	40-S0.5
REGULATORS	383.0	42-R2	45-R2
INDUSTRIAL MEAS. & REG. STATION EQUIPMENT	385.0	43-R2	43-R2

3. Net Salvage Rates – Distribution Plant. The Stipulating Parties agree to the net salvage rates for distribution plant as shown in Table 2, below.

Table 2. Net Salvage Rates – Distribution Plant

Distribution Plant	Account	Cascade Proposal	Stipulated Salvage Rates
Land Rights	374.2	0	0
Structures And Improvements	375.1	-5	-5
Mains - Steel	376.1	-110	-105
Mains - High Pressure	376.2	-25	-23
Mains - Plastic (Polyethylene)	376.3	-35	-33
Compressor Station Equip.	377.0	-5	-5
Meas & Reg Station Equip-General	378.0	-40	-40
Services - Steel	380.1	-160	-160
Services - Plastic (Polyethylene)	380.3	-40	-40
Meters & Meter Installations	381.0	-5	0
Regulators	383.0	0	0
Industrial Meas. & Reg. Station Equipment	385.0	-5	0

4. Net Salvage Rates – General Plant. The Stipulating Parties agree to the net salvage rates for general plant as shown in Table 3, below.

Table 3. Net Salvage Rates – General Plant

General Plant	Account	Cascade Proposal	Stipulated Salvage Rates
Structures & Improvements	390.1	0	0
Leasehold Improvements	390.2	0	0
Computer Software	391.2	0	0
Computer Equipment - Server & Workstation	391.3	0	0
Office Equipment	391.4	0	0
Office Furniture & Fixtures	391.5	0	0
Transportation Equipment - Trailers	392.1	10	10
Transportation Equipment	392.2	20	20
Stores Equipment	393.0	0	0
Tools, Shop, & Garage Equipment	394.1	0	0
CNG Equipment	394.2	0	0
Laboratory Equipment	395.0	0	0
Work Equipment - Trailers	396.10	30	35
Power Operated Equipment	396.20	35	35
Radio Communication Equip. (Fixed)	397.1	0	0
Supervisory & Telemetry Equip.	397.2	0	0

Telephone & Telex Equip.	397.3	0	0
Radio Communication Equip. (Mobile)	397.4	0	0
Miscellaneous Equipment	398.0	0	0

5. Updated Depreciation Rates. Applying the stipulated parameters and salvage rates to the Company's plant balances as of December 31, 2018 results in the updated depreciation rates, which are shown in Attachment 1 to this Stipulation.

6. New Depreciation Study. Cascade will file a new depreciation study within five years, on or before March 31, 2025.

7. The Stipulating Parties recommend and request that the Commission approve the terms regarding rate spread and rate design discussed herein as appropriate and reasonable.

8. The Stipulating Parties agree that this Stipulation is in the public interest, and will result in rates that are fair, just, and reasonable, consistent with the standard in ORS 756.040.

9. This Stipulation sets forth the entire agreement between the Stipulating Parties and supersedes any and all prior communications, understandings, or agreements, oral or written, between the Stipulating Parties pertaining to the subject matter of this Stipulation.

10. This Stipulation will be offered into the record as evidence pursuant to OAR 860-001-350(7). The Stipulating Parties agree to support this Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this Stipulation at hearing, and recommend that the Commission issue an order adopting the Stipulation. The Stipulating Parties also agree to cooperate in drafting and submitting joint testimony in support of the Stipulation in accordance with OAR 860-001-0350(7).

11. If this Stipulation is challenged, the Stipulating Parties agree that they will continue to support the Commission's adoption of the terms of this Stipulation. The Stipulating Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented, which may include raising issues that are incorporated in

1 the settlements embodied in this Stipulation.

2 12. The Stipulating Parties have negotiated this Stipulation as an integrated document.
3 If the Commission rejects all or any material portion of this Stipulation or imposes additional
4 material conditions in approving this Stipulation, any of the Stipulating Parties are entitled to
5 withdraw from the Stipulation or exercise any other rights provided in OAR 860-001-0350(9).
6 To withdraw from the Stipulation, a Stipulating Party must provide written notice to the
7 Commission and other Stipulating Parties within five days of service of the final order rejecting,
8 modifying, or conditioning this Stipulation.

9 13. By entering into this Stipulation, no Stipulating Party approves, admits, or consents
10 to the facts, principles, methods, or theories employed by any other Stipulating Party in arriving
11 at the terms of this Stipulation, other than those specifically identified in the body of this
12 Stipulation. No Stipulating Party shall be deemed to have agreed that any provision of this
13 Stipulation is appropriate for resolving issues in any other proceeding, except as specifically
14 identified in this Stipulation.

15 14. This Stipulation is not enforceable by any Stipulating Party unless and until
16 adopted by the Commission in a final order. Each signatory to this Stipulation avers that they
17 are signing this Stipulation in good faith and that they intend to abide by the terms of this
18 Stipulation unless and until the Stipulation is rejected or adopted only in part by the Commission.
19 The Stipulating Parties agree that the Commission has exclusive jurisdiction to enforce or
20 modify the Stipulation. If the Commission rejects or modifies this Stipulation, the Stipulating
21 Parties reserve the right to seek reconsideration or rehearing of the Commission order under
22 ORS 756.561 and OAR 860-001-0720 or to appeal the Commission order under ORS 756.610.

23 15. This Stipulation may be executed in counterparts and each signed counterpart
24 shall constitute an original document. Given the circumstances surrounding physical access to

1 facsimile or other forms of signature due to the COVID-19 pandemic, the Stipulating Parties
2 further agree that any electronically generated Stipulating Party signatures are valid and binding
3 to the same extent as an original signature.

4 This Stipulation is entered into by each Stipulating Party on the date entered below such
5 Stipulating Party's signature.

6 DATED this 2nd day of September 2020.

CASCADE NATURAL GAS
CORPORATION

By: 

Date: 9-2-20

PUBLIC UTILITY COMMISSION OF
OREGON STAFF

By: _____

Date: _____

ALLIANCE OF WESTERN ENERGY
CONSUMERS

By: _____

Date: _____

1 facsimile or other forms of signature due to the COVID-19 pandemic, the Stipulating Parties
2 further agree that any electronically generated Stipulating Party signatures are valid and binding
3 to the same extent as an original signature.

4 This Stipulation is entered into by each Stipulating Party on the date entered below such
5 Stipulating Party's signature.

6 DATED this 2nd day of September 2020.

CASCADE NATURAL GAS
CORPORATION

PUBLIC UTILITY COMMISSION OF
OREGON STAFF

By: _____

By: Stephanie Andrus

Date: _____

Date: September 2, 2020

ALLIANCE OF WESTERN ENERGY
CONSUMERS

By: _____

Date: _____

1 facsimile or other forms of signature due to the COVID-19 pandemic, the Stipulating Parties
2 further agree that any electronically generated Stipulating Party signatures are valid and binding
3 to the same extent as an original signature.

4 This Stipulation is entered into by each Stipulating Party on the date entered below such
5 Stipulating Party's signature.

6 DATED this 2nd day of September 2020.

CASCADE NATURAL GAS
CORPORATION

PUBLIC UTILITY COMMISSION OF
OREGON STAFF

By: _____

By: _____

Date: _____

Date: _____

ALLIANCE OF WESTERN ENERGY
CONSUMERS

By:  _____

Date: 09-02-2020 _____

UM 2073

Attachment 1 to the Stipulation

CASCADE NATURAL GAS CO.

TABLE 1. SUMMARY OF SERVICE LIFE AND NET SALVAGE ESTIMATES AND CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO THE RECOVERY OF AVERAGE ORIGINAL COST IN GAS PLANT AS OF DECEMBER 31, 2018

- TOTAL -									
NEGOTIATED SETTLEMENT ADJUSTMENTS									
ACCOUNT	DESCRIPTION	ESTIMATED SURVIVOR CURVE	NET SALVAGE PERCENT	SURVIVING ORIGINAL COST AS OF 12/31/2018	CALCULATED ACCRUED DEPRECIATION	BOOK RESERVE	ANNUAL ACCRUAL AMOUNT	RATE	REMAINING LIFE
TRANSMISSION PLANT									
365.2	RIGHTS OF WAY	85-S5	0	1,026,089	621,350	799,584	6,656	0.65	33.5
367.1	MAINS	70-S5	-20	22,171,657	13,712,219	14,757,046	332,040	1.50	33.9
369.1	MEAS & REG STATION EQUIPMENT	55-R5	-10	180,823	177,548	150,427	8,313	4.60	5.9
TOTAL TRANSMISSION PLANT				23,378,569	14,511,117	15,707,058	347,009	1.48	
DISTRIBUTION PLANT									
374.2	LAND RIGHTS	60-R3	0	2,157,343	700,339	718,975	35,446	1.64	40.5
375.1	STRUCTURES AND IMPROVEMENTS	47-R2.5	-5	1,465,897	984,867	1,350,500	12,243	0.84	16.9
376.1	MAINS - STEEL	75-R4	-105	155,217,590	112,315,563	107,167,551	5,531,955	3.56	48.5
376.2	MAINS - HIGH PRESSURE	80-R2.5	-23	169,538,277	34,648,376	41,072,416	2,575,815	1.52	66.7
376.3	MAINS - PLASTIC (POLYETHYLENE)	50-R3	-33	181,660,978	50,592,470	52,259,408	5,101,500	2.81	39.5
377.0	COMPRESSOR STATION EQUIP.	35-R3	-5	2,097,767	932,258	1,463,847	36,048	1.72	20.2
378.0	MEAS & REG STATION EQUIP-GENERAL	65-R1.5	-40	33,041,936	6,604,969	9,310,074	651,661	1.97	55.7
380.1	SERVICES - STEEL	60-R4	-160	75,145,608	97,314,326	112,918,721	2,609,846	3.47	30.1
380.3	SERVICES - PLASTIC (POLYETHYLENE)	43-R2	-40	174,291,651	51,022,897	65,649,703	5,863,069	3.36	34.0
381.0	METERS & METER INSTALLATIONS	40-S0.5	0	98,675,779	24,577,291	23,701,282	2,573,433	2.61	30.0
383.0	REGULATORS	45-R2	0	11,160,435	3,677,239	3,817,600	241,340	2.16	30.2
385.0	INDUSTRIAL MEAS. & REG. STATION EQUIPM	43-R2	0	11,641,826	3,063,637	4,748,136	198,329	1.70	31.7
TOTAL DISTRIBUTION PLANT				916,095,085	386,434,232	424,178,213	25,430,685	2.78	
GENERAL PLANT									
390.1	STRUCTURES & IMPROVEMENTS	37-S1	0	20,016,528	6,823,686	11,512,733	288,257	1.44	24.4
390.2	LEASEHOLD IMPROVEMENTS	15-L2	0	7,933	1,289	15,849	-	-	12.6
391.2	COMPUTER SOFTWARE	10-SQ	0	2,994,410	2,855,580	2,994,410	-	-	0.5
391.3	COMPUTER EQUIPMENT - SERVER & WORKST	5-SQ	0	3,129,482	2,255,432	1,073,697	1,377,593	44.02	1.4
391.4	OFFICE EQUIPMENT	15-SQ	0	332,876	187,390	(118,388)	87,782	26.37	6.6
391.5	OFFICE FURNITURE & FIXTURES	15-SQ	0	1,830,810	930,934	214,356	347,894	19.00	7.4
392.1	TRANSPORTATION EQUIPMENT - TRAILERS	20-S3	10	321,766	129,354	181,562	8,665	2.69	11.1
392.2	TRANSPORTATION EQUIPMENT	11-L1.5	20	16,815,650	4,313,742	5,757,432	990,541	5.89	7.5
393.0	STORES EQUIPMENT	30-SQ	0	66,925	46,255	30,028	5,619	8.40	9.3
394.1	TOOLS, SHOP, & GARAGE EQUIPMENT	20-SQ	0	8,836,244	3,553,294	2,276,264	941,519	10.66	12.0
394.2	CNG EQUIPMENT	31-R4	0	131,231	112,484	120,288	1,994	1.52	4.4
395.0	LABORATORY EQUIPMENT	20-SQ	0	119,908	90,264	64,581	17,448	14.55	4.9
396.1	WORK EQUIPMENT - TRAILERS	20-L2	35	959,325	159,774	227,141	25,078	2.61	14.9
396.2	POWER OPERATED EQUIPMENT	15-L1.5	35	4,030,055	312,148	(889,290)	388,282	9.63	13.2
397.1	RADIO COMMUNICATION EQUIP. (FIXED)	15-SQ	0	385,135	243,338	236,357	20,618	5.35	5.5
397.2	SUPERVISORY & TELEMETERING EQUIP.	10-SQ	0	4,998,747	3,829,318	3,758,909	276,304	5.53	2.3
397.3	TELEPHONE & TELEX EQUIP.	10-SQ	0	535,710	388,624	243,942	115,816	21.62	2.7
397.4	RADIO COMMUNICATION EQUIP. (MOBILE)	15-SQ	0	1,240,360	423,996	386,097	86,712	6.99	9.9
398.0	MISCELLANEOUS EQUIPMENT	25-SQ	0	80,968	21,763	17,002	3,525	4.35	18.3
TOTAL GENERAL PLANT				66,834,063	26,678,665	28,102,970	4,983,647	7.46	
TOTAL GAS PLANT STUDIED				1,006,307,717	427,624,015	467,988,241	30,761,342	3.06	
PLANT NOT STUDIED									
301.0	ORGANIZATION			152,066		-			
302.0	FRANCHISES			211,825		211,825			
303.0	MISC. INTANGIBLE PLANT			44,171,295		17,326,335			
365.1	LAND & LAND RIGHTS			224,536		-			
372.0	TRANSMISSION ARO			87,720		31,955			
374.0	LAND (DISTRIBUTION)			506,464		184			
375.2	LEASEHOLD IMPROVEMENT			-		(655)			
386.0	CNG REFUELING			-		(562)			
388.0	ARO DISTRIBUTION PLANT			22,097,038		4,372,545			
389.0	LAND & LAND RIGHTS (GENERAL)			3,468,084		1,006,015			
TOTAL PLANT				1,077,226,744		490,935,882			

CASCADE NATURAL GAS CO.

TABLE 1A. SUMMARY OF SERVICE LIFE AND NET SALVAGE ESTIMATES AND CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO THE RECOVERY OF AVERAGE ORIGINAL COST IN GAS PLANT AS OF DECEMBER 31, 2018

- LIFE -									
NEGOTIATED SETTLEMENT ADJUSTMENTS									
ACCOUNT	DESCRIPTION	ESTIMATED SURVIVOR CURVE	NET SALVAGE PERCENT	SURVIVING ORIGINAL COST AS OF 12/31/2018	CALCULATED ACCRUED DEPRECIATION	BOOK RESERVE	ANNUAL ACCRUAL AMOUNT	RATE	REMAINING LIFE
TRANSMISSION PLANT									
365.2	RIGHTS OF WAY	85-S5	0	1,026,089	621,350	799,584	6,656	0.65	33.5
367.1	MAINS	70-S5	0	22,171,657	11,426,849	13,081,804	240,636	1.09	33.9
369.1	MEAS & REG STATION EQUIPMENT	55-R5	0	180,823	161,408	298,684	-	-	5.9
TOTAL TRANSMISSION PLANT				23,378,569	12,209,606	14,180,072	247,293	1.06	
DISTRIBUTION PLANT									
374.2	LAND RIGHTS	60-R3	0	2,157,343	700,339	718,975	35,446	1.64	40.5
375.1	STRUCTURES AND IMPROVEMENTS	47-R2.5	0	1,465,897	937,969	1,292,353	8,018	0.55	16.9
376.1	MAINS - STEEL	75-R4	0	155,217,590	54,788,080	70,008,331	1,605,721	1.03	48.5
376.2	MAINS - HIGH PRESSURE	80-R2.5	0	169,538,277	28,169,411	36,328,210	1,969,461	1.16	66.7
376.3	MAINS - PLASTIC (POLYETHYLENE)	50-R3	0	181,660,978	38,039,451	42,055,033	3,506,546	1.93	39.5
377.0	COMPRESSOR STATION EQUIP.	35-R3	0	2,097,767	887,865	1,399,919	34,039	1.62	20.2
378.0	MEAS & REG STATION EQUIP-GENERAL	65-R1.5	0	33,041,936	4,717,835	7,855,928	439,137	1.33	55.7
380.1	SERVICES - STEEL	60-R4	0	75,145,608	37,428,587	49,430,042	780,950	1.04	30.1
380.3	SERVICES - PLASTIC (POLYETHYLENE)	43-R2	0	174,291,651	36,444,926	45,672,022	3,728,318	2.14	34.0
381.0	METERS & METER INSTALLATIONS	40-S0.5	0	98,675,779	24,577,291	22,285,625	2,573,433	2.61	30.0
383.0	REGULATORS	45-R2	0	11,160,435	3,677,239	3,827,319	241,340	2.16	30.2
385.0	INDUSTRIAL MEAS. & REG. STATION EQUIP	43-R2	0	11,641,826	3,063,637	4,772,319	198,329	1.70	31.7
TOTAL DISTRIBUTION PLANT				916,095,085	233,432,630	285,646,076	15,120,738	1.65	
GENERAL PLANT									
390.1	STRUCTURES & IMPROVEMENTS	37-S1	0	20,016,528	6,823,686	11,303,519	296,338	1.48	24.4
390.2	LEASEHOLD IMPROVEMENTS	15-L2	0	7,933	1,289	15,849	-	-	12.6
391.2	COMPUTER SOFTWARE	10-SQ	0	2,994,410	2,855,580	2,994,410	-	-	0.5
391.3	COMPUTER EQUIPMENT - SERVER & WORK	5-SQ	0	3,129,482	2,255,432	1,073,697	1,377,593	44.02	1.4
391.4	OFFICE EQUIPMENT	15-SQ	0	332,876	187,390	(118,388)	87,782	26.37	6.6
391.5	OFFICE FURNITURE & FIXTURES	15-SQ	0	1,830,810	930,934	214,356	347,894	19.00	7.4
392.1	TRANSPORTATION EQUIPMENT - TRAILERS	20-S3	0	321,766	143,726	181,562	11,468	3.56	11.1
392.2	TRANSPORTATION EQUIPMENT	11-L1.5	0	16,815,650	5,392,178	5,768,816	1,468,056	8.73	7.5
393.0	STORES EQUIPMENT	30-SQ	0	66,925	46,255	30,028	5,619	8.40	9.3
394.1	TOOLS, SHOP, & GARAGE EQUIPMENT	20-SQ	0	8,836,244	3,553,294	2,281,015	939,424	10.63	12.0
394.2	CNG EQUIPMENT	31-R4	0	131,231	112,484	120,288	1,994	1.52	4.4
395.0	LABORATORY EQUIPMENT	20-SQ	0	119,908	90,264	64,581	17,448	14.55	4.9
396.1	WORK EQUIPMENT - TRAILERS	20-L2	0	959,325	245,806	227,141	49,704	5.18	14.9
396.2	POWER OPERATED EQUIPMENT	15-L1.5	0	4,030,055	480,228	(890,967)	512,490	12.72	13.2
397.1	RADIO COMMUNICATION EQUIP. (FIXED)	15-SQ	0	385,135	243,338	236,357	20,618	5.35	5.5
397.2	SUPERVISORY & TELEMETERING EQUIP.	10-SQ	0	4,998,747	3,829,318	3,763,214	272,643	5.45	2.4
397.3	TELEPHONE & TELEX EQUIP.	10-SQ	0	535,710	388,624	243,942	115,816	21.62	2.8
397.4	RADIO COMMUNICATION EQUIP. (MOBILE)	15-SQ	0	1,240,360	423,996	386,097	86,712	6.99	9.9
398.0	MISCELLANEOUS EQUIPMENT	25-SQ	0	80,968	21,763	17,002	3,525	4.35	18.3
TOTAL GENERAL PLANT				66,834,063	28,025,585	27,912,518	5,615,124	8.40	
TOTAL GAS PLANT STUDIED				1,006,307,717	273,667,822	327,738,667	20,983,155	2.09	
PLANT NOT STUDIED									
301.0	ORGANIZATION			152,066					
302.0	FRANCHISES			211,825					
303.0	MISC. INTANGIBLE PLANT			44,171,295					
365.1	LAND & LAND RIGHTS			224,536					
372.0	TRANSMISSION ARO			87,720					
374.0	LAND (DISTRIBUTION)			506,464					
388.0	ARO DISTRIBUTION PLANT			22,097,038					
389.0	LAND & LAND RIGHTS (GENERAL)			3,468,084					
TOTAL PLANT				1,077,226,744					

CASCADE NATURAL GAS CO.

TABLE 1B. SUMMARY OF SERVICE LIFE AND NET SALVAGE ESTIMATES AND CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO THE RECOVERY OF AVERAGE ORIGINAL COST IN GAS PLANT AS OF DECEMBER 31, 2018

NEGOTIATED SETTLEMENT ADJUSTMENTS		- NET SALVAGE -						
ACCOUNT	DESCRIPTION	ESTIMATED SURVIVOR CURVE	NET SALVAGE PERCENT	SURVIVING ORIGINAL COST AS OF 12/31/2018	CALCULATED ACCRUED DEPRECIATION	BOOK RESERVE	ANNUAL ACCRUAL AMOUNT	RATE
TRANSMISSION PLANT								
365.2	RIGHTS OF WAY	85-S5	0	1,026,089	-	-	-	-
367.1	MAINS	70-S5	-20	22,171,657	2,285,370	1,675,242	91,404	0.41
369.1	MEAS & REG STATION EQUIPMENT	55-R5	-10	180,823	16,141	(148,257)	8,313	4.60
TOTAL TRANSMISSION PLANT				23,378,569	2,301,511	1,526,985	99,717	0.43
DISTRIBUTION PLANT								
374.2	LAND RIGHTS	60-R3	0	2,157,343	-	-	-	-
375.1	STRUCTURES AND IMPROVEMENTS	47-R2.5	-5	1,465,897	46,898	58,147	4,225	0.29
376.1	MAINS - STEEL	75-R4	-105	155,217,590	57,527,483	37,159,220	3,926,234	2.53
376.2	MAINS - HIGH PRESSURE	80-R2.5	-23	169,538,277	6,478,965	4,744,206	606,354	0.36
376.3	MAINS - PLASTIC (POLYETHYLENE)	50-R3	-33	181,660,978	12,553,019	10,204,375	1,594,954	0.88
377.0	COMPRESSOR STATION EQUIP.	35-R3	-5	2,097,767	44,393	63,928	2,009	0.10
378.0	MEAS & REG STATION EQUIP-GENERAL	65-R1.5	-40	33,041,936	1,887,134	1,454,146	212,524	0.64
380.1	SERVICES - STEEL	60-R4	-160	75,145,608	59,885,739	63,488,679	1,828,896	2.43
380.3	SERVICES - PLASTIC (POLYETHYLENE)	43-R2	-40	174,291,651	14,577,971	19,977,681	2,134,751	1.22
381.0	METERS & METER INSTALLATIONS	40-S0.5	0	98,675,779	(0)	1,415,657	0	-
383.0	REGULATORS	45-R2	0	11,160,435	-	(9,719)	-	-
385.0	INDUSTRIAL MEAS. & REG. STATION EQUIPM	43-R2	0	11,641,826	(0)	(24,183)	-	-
TOTAL DISTRIBUTION PLANT				916,095,085	153,001,602	138,532,137	10,309,948	1.13
GENERAL PLANT								
390.1	STRUCTURES & IMPROVEMENTS	37-S1	0	20,016,528	-	209,214	(8,081)	(0.04)
390.2	LEASEHOLD IMPROVEMENTS	15-L2	0	7,933	-	-	-	-
391.2	COMPUTER SOFTWARE	10-SQ	0	2,994,410	-	-	-	-
391.3	COMPUTER EQUIPMENT - SERVER & WORKS	5-SQ	0	3,129,482	-	-	-	-
391.4	OFFICE EQUIPMENT	15-SQ	0	332,876	-	-	-	-
391.5	OFFICE FURNITURE & FIXTURES	15-SQ	0	1,830,810	-	-	-	-
392.1	TRANSPORTATION EQUIPMENT - TRAILERS	20-S3	10	321,766	(14,373)	-	(2,803)	(0.87)
392.2	TRANSPORTATION EQUIPMENT	11-L1.5	20	16,815,650	(1,078,436)	(11,384)	(477,515)	(2.84)
393.0	STORES EQUIPMENT	30-SQ	0	66,925	-	-	-	-
394.1	TOOLS, SHOP, & GARAGE EQUIPMENT	20-SQ	0	8,836,244	-	(4,751)	2,095	0.02
394.2	CNG EQUIPMENT	31-R4	0	131,231	-	-	-	-
395.0	LABORATORY EQUIPMENT	20-SQ	0	119,908	-	-	-	-
396.1	WORK EQUIPMENT - TRAILERS	20-L2	35	959,325	(86,032)	-	(24,626)	(2.57)
396.2	POWER OPERATED EQUIPMENT	15-L1.5	35	4,030,055	(168,080)	1,677	(124,208)	(3.08)
397.1	RADIO COMMUNICATION EQUIP. (FIXED)	15-SQ	0	385,135	-	-	-	-
397.2	SUPERVISORY & TELEMETERING EQUIP.	10-SQ	0	4,998,747	-	(4,305)	3,661	0.07
397.3	TELEPHONE & TELEX EQUIP.	10-SQ	0	535,710	-	-	-	-
397.4	RADIO COMMUNICATION EQUIP. (MOBILE)	15-SQ	0	1,240,360	-	-	-	-
398.0	MISCELLANEOUS EQUIPMENT	25-SQ	0	80,968	-	-	-	-
TOTAL GENERAL PLANT				66,834,063	(1,346,920)	190,451	(631,477)	(0.94)
TOTAL GAS PLANT STUDIED				1,006,307,717	153,956,193	140,249,574	9,778,187	0.97
PLANT NOT STUDIED								
301.0	ORGANIZATION			152,066				
302.0	FRANCHISES			211,825				
303.0	MISC. INTANGIBLE PLANT			44,171,295				
365.1	LAND & LAND RIGHTS			224,536				
372.0	TRANSMISSION ARO			87,720				
374.0	LAND (DISTRIBUTION)			506,464				
388.0	ARO DISITRIBUTION PLANT			22,097,038				
389.0	LAND & LAND RIGHTS (GENERAL)			3,468,084				
TOTAL PLANT				1,077,226,744				