

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 5, 2002**

REGULAR _____ CONSENT X EFFECTIVE DATE _____

DATE: January 22, 2002

TO: John Savage through Lee Sparling and Ed Busch

FROM: Ed Krantz

SUBJECT: CASCADE NATURAL GAS: Accept the Annual Budget of Expenditures for 2002

STAFF RECOMMENDATION:

I recommend that Cascade Natural Gas Corporation's 2002 Annual Budget of Expenditures be accepted for accounting purposes only. Ratemaking treatment should be reserved for a ratemaking proceeding.

DISCUSSION:

Officers' Compensation

Attachment 1 compares budgeted 2002 officers' salaries and other compensation with 2001 levels for Cascade Natural Gas Corporation. Average officers' salaries increased by 25.9 percent while pensions and other fringe benefits are expected to decrease 24.8 percent. Total compensation is 16.3 percent higher than in last year's budget.

Salary history for the years 1997 through 2002 is shown on Attachment 2. For comparable positions, salary increases averaged 9.9 percent per year over the six-year period.

On Attachment 3, officer salary changes are compared to CPI changes for the years 1996 through 2001. The table shifts data between years in an effort to reflect proper matching. Since budgets present values at the beginning of the budget year, the 2002 budget increase, for example, is shown on this table as 2001. As of the end of the period, salaries for comparable positions are 39.6 percent higher than they would have been if CPI percentage increases had been granted during the period.

Memberships and Dues

“Above-the-line” memberships and dues in utility industry, technical and professional organizations as assigned to Oregon gas operations are budgeted to increase from \$32,129 in 2001 to \$44,419 in 2002.

Pensions

Funding amounts for 2002 are not yet known. The accrual for fiscal year 2001, as developed under the provisions of SFAS No. 87, is \$1,755,000. Of this amount, \$386,000 is assigned to Oregon.

Company contributions to the Employee Retirement Savings Plan (401K) are expected to be \$913,000 in 2002, an increase of \$99,000 from last year.

Political Activities

The budget shows no amounts for political activities.

PROPOSED COMMISSION MOTION:

Cascade Natural Gas Corporation’s 2002 Annual Budget of Expenditures be accepted for accounting purposes only. Ratemaking treatment should be reserved for a ratemaking proceeding.

Attachments

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