

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2003

REGULAR _____ CONSENT X EFFECTIVE DATE _____

DATE: November 21, 2003

TO: Lee Sparling through Ed Busch

FROM: Judy Johnson

SUBJECT: CASCADE NATURAL GAS: Accept the Annual Budget of Expenditures for 2004

STAFF RECOMMENDATION:

I recommend that Cascade Natural Gas Corporation's 2004 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 2004 officers' salaries and other compensation with 2003 levels for Cascade Natural Gas Corporation. Average officers' salaries decreased by 16.9 percent while pensions and other fringe benefits are expected to decrease 15.8 percent. Total compensation is 16.7 percent lower than in last year's budget. For comparable positions, salaries increase an average of 5.3 percent and total compensation increases an average of 5.4 percent.

Salary history for the years 1999 through 2004 is shown on Attachment 2. For comparable positions, salary increases averaged 6.0 percent per year over the six-year period.

On Attachment 3, officer salary changes are compared to CPI changes for the years 1998 through 2003. 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 2003 budget change, for example, is shown on this table as 2002. As of the end of the period, salaries for comparable positions are 25.4 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 decrease from \$26,747 in 2003 to \$13,492 in 2004.

Pensions

Funding amounts for 2004 are not yet known. The accrual for fiscal year 2003, as developed under the provisions of SFAS No. 87, is \$2,300,000. Of this amount, \$521,000 is assigned to Oregon.

Company contributions to the Employee Retirement Savings Plan (401K) are expected to be \$1,565,000 in 2003. The amount assigned to Oregon gas operations is \$354,000.

Political Activities

The budget shows no amounts for political activities.

PROPOSED COMMISSION MOTION:

Cascade Natural Gas Corporation's 2004 Annual Budget of Expenditures be accepted for accounting purposes only. Ratemaking treatment should be reserved for a ratemaking proceeding.

Attachments