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REPORT NAME: Gas Utility New Construction Budget 2014

COMPANY NAME: Cascade Natural Gas Corporation

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? [X] No [] Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation: [] RE (Electric) [X] RG (Gas) [] RW (Water) [] RO (Other)

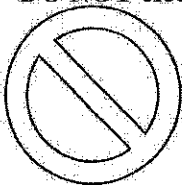
Report is required by: [X] OAR 860-027-0015
[] Statute Enter statute number
[] Order Enter PUC Order No
[] Other Enter reason

Is this report associated with a specific docket/case? [X] No [] Yes

If yes, enter docket number: Enter Docket number

List applicable Key Words for this report to facilitate electronic search:
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PUBLIC UTILITY COMMISSION OF OREGON
 PO BOX 1088, SALEM, OR 97308-1088
 PUC.FilingCenter@state.or.us

GAS UTILITY NEW CONSTRUCTION BUDGET FOR 2014

GENERAL INSTRUCTIONS

1. Each energy utility operating within the State of Oregon and having gross operating revenues of \$50,000 or more per year is required to file a New Construction Budget annually on or before December 31st and report information on new construction, extensions, and new additions to property of the utility in accordance with Oregon Administrative Rule 860-027-0015.
2. The New Construction Budget report should be completed and filed with the Public Utility Commission of Oregon Filing Center. Complete the e-Filing Report Cover Sheet found at http://egov.oregon.gov/PUC/eFiling/eReports/efiling_report_cover_sheet.docx. Email both the report and cover sheet to PUC.FilingCenter@state.or.us no later than December 31st of the year preceding that for which the budget is made.

For major projects (total project cost greater than \$300,000) a narrative supplying the following information is required:

PROJECT NARRATIVE

1. Project Description: Include a brief technical specification of the project, ownership, if jointly owned, operating date, stage of construction, and other relevant information.
2. Need for the Project: Attach all prepared information documenting the need for the project, including the specific need the project is intended to fill. Economic comparisons with alternatives are to be provided. All the underlying assumptions of the economic analyses are to be specified.
3. Contingencies: Provide a listing of existing or potential future problems which might impact the final cost or successful completion and operation of the project, such as licensing problems, labor difficulties, litigation, etc.
4. Reconciliation with Prior Budget: Each successive year's budget can be expected to reflect differing estimates of project costs as the project progresses. For each major project, prepare a reconciliation with the prior budget's estimates and provide specific reasons for the changes.

In addition, please attach copies of prepared documentation or plans describing transmission, distribution, and general plant projects located in Oregon exceeding \$100,000 in total cost and for which construction will commence in the budget year. Information submitted should contain a brief project description, location, and total budgeted cost.

FULL NAME OF GAS UTILITY

Cascade Natural Gas Corporation

ADDRESS: PO BOX OR STREET NUMBER

8113 W. Grandridge Blvd.

CITY

Kennewick

STATE

WA

ZIP CODE

99336

CERTIFICATION: I CERTIFY THAT THE INFORMATION REPORTED IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

SIGNATURE

TITLE

Vice President, Operations

DATE

12-30-13

Schedule B: Gas Utility New Construction Budget (System)

COMPANY:

Cascade Natural Gas Corporation

BUDGET YEAR:

2014

INSTRUCTIONS

1. Report percent ownership, scheduled operating dates, and expenditures required to complete project for major production, transmission, and general plant projects.
2. Major projects are defined as those projects having a total estimated cost to completion exceeding \$300,000.
3. Under "Distribution," report specific line item expenditures for the budget year only. All expenditures for distribution following the budget year should be aggregated for the year and only total distribution expenditures reported for the period.
4. Non-major project expenditures within each category should be aggregated and only the totals reported.
5. Report all expenditures in thousands of dollars.

DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO / YR)	EXPENDITURES (B.Y. = BUDGET YEAR; B.Y.+ 1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)							REQUIRED TO COMPLETE	TOTAL
			PRIOR TO B.Y.	B.Y.	B.Y. + 1	B.Y. + 2	B.Y. + 3	B.Y. + 4			
Major Production and Storage Projects:											
Non-Major Production and Storage Projects											
Total Production and Storage Projects											
Major Transmission Projects:											
Non-Major Transmission Projects											
Total Transmission Projects											
Distribution (See Instruction 3):											
Mains				33,508							
Measuring & Reg. Sta. Equipment				5,306							
Compressor Station Equipment				0							
Services				5,965							
Meters and Regulators				1,788							
Meter Installations				0							
Other (Land, Equipment, Structures)				0							
Total Distribution				46,567	65,878	73,097	44,442	43,579		273,563	
Major General Plant Projects:											
Work Management GLE-Installation (101472)	100%	12/31/2015	570	264							
MWM Project (101479)	100%	07/30/2016	2,412	231							
IVR Web Implementation (101482)	100%	12/31/2015	0	174							
GMS Software (101510)	100%	12/01/2014	29	986							
IVR Web Implementation (200064)	100%	12/31/2015	537	229							
Customer Care & Billing System (200352)	100%	12/31/2015	10,891	1,862							
GIS Enhancements (200663)	100%	12/31/2018	98	198							
GAS SCADA Enhancements (301813)	100%	12/31/2016	0	113							
Human Capital Management (302616)	100%	12/31/2016	0	86							
Grandridge BP-Lot 4 (302122)	100%	05/15/2014	0	441							
Ontario Office/Warehouse (200189)	100%	12/31/2014	105	546							
Baker City Office Purchase (302000)	100%	09/30/2014	0	987							
Radio System Replacement (101469)	100%	12/31/2014	737	590							
Non-Major General Plant Projects				6,232							
Total General Plant Projects				12,939	6,437	5,719	3,739	3,025		31,859	
Total New Construction Budget				59,506	72,315	78,816	48,181	46,604		305,422	

Schedule C: Gas Utility New Construction Budget (Oregon)

COMPANY:
Cascade Natural Gas Corporation

BUDGET YEAR:
2014

INSTRUCTIONS

1. Report percent ownership, scheduled operating dates, and expenditures required to complete project for major production, transmission, and general plant projects.
2. Major projects are defined as those projects having a total estimated cost to completion exceeding \$300,000.
3. Under "Distribution," report specific line item expenditures for the budget year only. All expenditures for distribution following the budget year should be aggregated for the year and only total distribution expenditures reported for the period.
4. Non-major project expenditures within each category should be aggregated and only the totals reported.
5. Report all expenditures in thousands of dollars

DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO / YR)	EXPENDITURES (B.Y. = BUDGET YEAR; B.Y.+ 1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)						REQUIRED TO COMPLETE	TOTAL
			PRIOR TO B.Y.	B.Y.	B.Y. + 1	B.Y. + 2	B.Y. + 3	B.Y. + 4		
Major Production and Storage Projects:										
None										
Non-Major Production and Storage Projects										
Total Production and Storage Projects										
Major Transmission Projects:										
None										
Non-Major Transmission Projects										
Total Transmission Projects										
Distribution (See Instruction 3):										
Mains				5,441						
Measuring & Reg. Sta. Equipment				588						
Compressor Station Equipment				0						
Services				1,152						
Meters and Regulators				438						
Meter Installations				0						
Other (Land, Equipment, Structures)				0						
Total Distribution				7,619	15,481	12,070	12,133	11,159		58,462
Major General Plant Projects:										
Work Management GLE-Installation (101472)	100%	12/31/2015	140	65						
MWM Project (101479)	100%	07/30/2016	592	57						
IVR Web Implementation (101482)	100%	12/31/2015	0	43						
GMS Software (101510)	100%	12/01/2014	7	242						
Customer Care & Billing System (200352)	100%	12/31/2015	2,672	457						
GIS Enhancements (200663)	100%	12/31/2018	24	48						
Human Capital Management (302616)	100%	12/31/2016	0	21						
Ontario Office/Warehouse (200189)	100%	12/31/2014	105	546						
Baker City Office Purchase (302000)	100%	09/30/2014	0	987						
Radio System Replacement (101469)	100%	12/31/2014	323	145						
IVR Web Implementation (200064)	100%	12/31/2015	132	56						
GAS SCADA Enhancements (301813)	100%	12/31/2016	0	28						
Grandridge BP-Lot 4 (302122)	100%	05/15/2014	0	108						
Total General Plant Projects				1,305	1,678	1,174	953	741		8,654
Total New Construction Budget				11,727	17,159	13,244	13,086	11,900		67,116

**Cascade Natural Gas Corporation
Gas Utility New Construction Budget for 2014
Public Utility Commission of Oregon
Major Project Narrative (over \$300,000)**

Ontario Office/Warehouse (200189): \$ 546,300

1. Project Description: Purchase property at 218 SW 19th Avenue in Ontario, OR. This building purchase increases safety and efficiency of district operations and allows for all equipment and materials to be stored in one location.
2. Need for the Project: With the commission approved sale of the Ontario District office located at 46 SW 2nd Street in Ontario, OR, Cascade is looking to purchase the office/warehouse space located at 218 SW 19th Avenue in Ontario, OR. With the dilapidation of Cascade's prior building and the increasing safety concerns related to the building and location, Cascade requires a new location for the safety of our employees and the efficiency realized for our overall operations resulting in system safety, integrity, and reliability.
3. Contingencies: Cascade will continue leasing the property at 218 SW 19th in Ontario, OR per the lease agreement until the purchase of said property is finalized.
4. Reconciliation with Prior Budget: The project budget's first year is in the latter part of 2013 with the majority of costs to be incurred during the second and final year, 2014.

Baker City Office/Warehouse (302000): \$987,182

1. Project Description: Purchase property and construct a new District office/warehouse in Baker City, OR. This purchase increases safety and efficiency of district operations and allows for all equipment and materials to be stored in one location.
2. Need for the Project: Cascade had leased an office in the downtown area located at 2024 Main Street with a separate warehouse location at 95 David Eccles Road in Baker City for many years. The current location being leased at 3395 10th Street enabled Cascade to improve operational efficiency and lower overall costs with the merger of spaces. However, with the recent evaluation report of the building by Evergreen Safety, Cascade is looking to purchase property and construct a new office/warehouse similar in design with the Ontario building currently being leased. With the dilapidation of the leased building at Cascade's current location, increasing safety concerns related to the building requires Cascade to seek a new location for the safety of our employees and the efficiency realized for our overall operations resulting in system safety, integrity, and reliability.
3. Contingencies: Cascade will continue leasing the property at 3395 10th Street in Baker City, OR per the lease agreement until the purchase of said property is finalized and construction is completed.
4. Reconciliation with Prior Budget: This is a new capital project in this budget year with all costs anticipated to be in 2014.

Grandridge Business Park Lot Purchase (302122): \$440,950

1. Project Description: Purchase Grandridge Business Park Lot #4
2. Need for the Project: This purchase secures additional space adjacent to the current general office location.
3. Contingencies: Cascade Natural Gas will have to secure a site that is less desirable.
4. Reconciliation with Prior Budget: This is a new project in this budget year.

Work Management-GL Essentials (101472): \$264,154

1. **Project Description:** GL Essentials is designed to schedule, track, execute and archive field data inspections for a variety of assets and business processes. It is designed to manage compliance activities for assets that are defined and maintained in an ESRI Geo-database, or for assets defined and maintained in the Essentials Asset Register. The Essentials Scheduling and Tracking module is used to manage the compliance activities, while the Essentials Field Manager application provides a set of electronic forms to support the automated (non-paper based) field data capture. Configuration, hardware, and software implementation began in 2011, followed by testing and training, and implementation rollout in the spring of 2012.
2. **Need for the project:** Implementation of the GL Essentials software transitions O&M record keeping from multiple databases and paper formats to a single operational repository of data and activity at Cascade Natural Gas Company. Project also includes the consolidation of existing systems at Montana-Dakota Utilities, Great Plains Natural Gas, and Intermountain Gas Company onto a common database for O&M activities and reporting. Essentials interfaces with the ESRI GIS, allowing field personnel the opportunity to view O&M record data from the GIS system while in the field. Also, automates scheduling of O&M activities, and provides reporting and notification of activities before they are out of compliance.
3. **Contingencies:** Cascade Natural Gas will continue to use the existing electronic document management systems, until the new GL Essentials is ready for production.
4. **Reconciliation with prior year budget:** This is a new phase in the project for this budget year. The project is anticipated to be multi-year completing in 2015.

WR-GAS SCADA Enhancements (301813): \$113,223

1. **Project Description:** To ensure the greatest efficiencies are being met, as it related to the SCADA system, this project is to enhance the business continuity and operability of the existing SCADA system. As we continue to implement the various components of the Control Room Management rules, we endeavor to implement the most efficient, highly available system as possible. We will also add functionality which allows SCADA information to be accessed by users throughout the company.
2. **Need for the Project:** Numerous users now interface or require information from the SCADA system. Additionally many regulatory requirements have driven us to make changes to this environment. We need to continue to enhance this system to meet the regulatory requirements and needs of the various departments at CNG.
3. **Contingencies:** Cascade Natural Gas will continue to use the existing processes until the implementation of the enhancements.
4. **Reconciliation with Prior Budget:** This is a new project in this budget year with an anticipated completion of 2016.

Radio System Replacement (101469): \$589,952

1. **Project Description:** Replacement for CNG Radio System.
2. **Need for the Project:** CNG's current radio system is obsolete. Much of the equipment has not been manufactured since mid - 1990. This project is the first phase to replace this system
3. **Contingencies:** Cascade Natural Gas will continue to use the existing system until the new equipment is ready for production.
4. **Reconciliation with Prior Budget:** This is a continuation of the multi-year project with prior phases previously implemented.

CNG IVR-WEB Implementation (101482/200064): \$403,358

1. Project Description: IVR-WEB is designed to provide our utility customers self-service functionality for all utility brands: MDU, GPNG, CNG and IGC.
2. Need for the Project: Our utility customers are accustomed to being able to view and pay bills via an IVR or WEB site. They are requesting and in some cases demanding similar functionality with their utility bills. Providing self-service to our utility customers will have an impact on the number of customer service agents needed to handle in bound calls.
3. Contingencies: IGC was the only brand that had IVR-WEB available to their utility customers with its legacy CIS applications. This project will provide these base line functions plus more to all of the utility customers as we migrate each brand to CC&B.
4. Reconciliation with Prior Budget: The IVR-WEB applications are a utility-wide platform. The costs of the entire project are being shared across the entire utility group in order that the first utility to implement is not unduly burdened. Cascade was the first to implement followed by Montana-Dakota Utilities Co. in 2013. Post implementation activity continues expanding the self-service functions made available to the utility customers.

Human Capital Management (302616): \$86,223

1. Project Description: Implement a new performance evaluation application for all the utility brands: MDU, GPNG, CNG and IGC. The current Performance Impact application is no longer supported and is not going to be updated by the vendor. If time permits this project will also evaluate other areas of improvement that can be made to the HR functions.
2. Need for the Project: It is necessary to provide our employees with information on areas they are performing well in and identify those areas needing improvement along with building performance improvement plans for those deficiencies.
3. Contingencies: All four utilities currently use the same performance evaluation software that is not being supported any longer.
4. Reconciliation with Prior Budget: This is the first year of the project.

Customer Care & Billing (200352): \$1,861,790

1. Project Description: Implementation of Oracle's Customer and Care Billing application (CC&B) to replace the three legacy systems installed at Cascade, Great Plains, Montana-Dakota Utilities, and Intermountain Gas.
2. Need for the Project: To provide an application that the four utilities could migrate to in a single installation and continue with their unique brands. The single installation was selected to reduce ongoing support costs both internal and external. Also going to a common application allowed the four utilities to migrate to common business processes wherever possible. CC&B is versioning software which will allow us to take advantage of enhancements made to the product by Oracle.
3. Contingencies: All four utilities have current CIS applications in place today that continue to bill their customers and will continue processing until the implementation of CC&B is tested and user accepted for move to production. The implementation is three phases: Cascade was first in August 2010, with MDU and Great Plains next, and Intermountain last.
4. Reconciliation with Prior Budget: The Customer Care and Billing application is a utility-wide platform. The costs of the entire project are being shared across the entire utility group in order that the first utility to implement is not unduly burdened. Cascade Natural Gas was the first within the utility group to go live with the customer billing portion of the project. Post billing module implementation activity continues with report building and additional module implementation.

Utility Group Gas Management System Purchase Software (101510): \$986,479

1. **Project Description:** The project is referred to as the GMS (Gas Management System) project. The primary purpose of the project is to centralize, track and automate nomination, daily forecast, measurement, contract, pricing, pipeline and customer imbalance management data, and customize reporting and upload file creation for both internal and external parties (Accounting, pipelines, customers, suppliers, federal and state regulatory reporting, etc.)
2. **Need for the Project:** Montana Dakota (MD), Great Plains (GP) and Cascade (CNGC) each maintain separate applications (MD uses a Microsoft Access database, GP uses a series of spreadsheets, and CNGC uses a gas management system application purchased from SunGard.) Intermountain (IGC) does not currently have a system as the bulk of their nomination process is handled by BP/IGI—however, as has been noted by Corporate Audit, IGC needs to improve its oversight of IGI's contract, supplies and nomination activities. The SunGard system is an aged, complicated application that is approximately 15 years old and has limited internal support. Most importantly, vendor support for the SunGard system will be ending during the next few years. The MD database is several years old, and has been patched together over time. Neither IGC nor GP have relational databases. With the loss of vendor support, CNGC critical nomination and reporting functions will be compromised which would result in increased manual transactions, likely human-error and potentially costly pipeline penalties from missed or erroneous nominations. Similarly, the MD database has limited documentation and requires substantial incremental development in order to meet the continuously evolving nomination requirements of the upstream pipelines. It seems prudent and necessary to find a best practice system that can be utilized by all four utilities.
3. **Contingencies:** Project is in multiple phases allowing each of the utilities to continue to use the existing processes until the implementation of the new application.
4. **Reconciliation with Prior Budget:** The project budget's first year is in the latter part of 2013. 2014 is the second year of the anticipated 2 ½ year project, The first phase, information gathering, flow charting of existing processes, business requirements documented, RFP and vendor demonstrations were completed in Fall of 2013. Software vendor selection and contract execution is anticipated to be complete by end of 2013, with implementation of MD and CNGC during 3rd and 4th quarters of 2014, followed by GP and IGC in first quarter of 2015. Post implementation work for all utilities is expected to be on-going through 2nd quarter 2015.

Mobile Workforce Management System (101479): \$ 231,495

1. **Project Description:** Implementation of CGI's Pragma CAD application to replace paper based patch processing for service order management at Cascade Natural Gas Company with a common near paperless system. Project also includes the consolidation of existing systems at Montana-Dakota Utilities, Great Plains Natural Gas, and Intermountain Gas Company onto a common computer and software environment. Laptops with cellular modems will be installed in each of the service technician's vehicles where they will electronically receive and update field activities with scheduling and customer service representatives.
2. **Need for the project:** Improves the service provided to the customer by giving immediate communication between scheduling, customer service, service technicians, and management. It allows better utilization of personnel by reducing the volume of paper flowing between the organization and individual service technicians. Experience has shown that payback on the system will be in approximately 3 years. Cascade Natural Gas, Intermountain Natural Gas, and Montana-Dakota Utilities management team reviewed CGI, Oracle, and ITRON in the selection processes, prior to the selection of CGI as vendor of choice.
3. **Contingencies:** Project is in multiple phases allowing each of the utilities to continue to use the existing processes until the implementation of the new application.
4. **Reconciliation with Prior Budget:** the Mobile Workforce Management System application is a utility-wide platform. The costs of the entire project are being shared across the entire utility group in order that the first utility to implement is not unduly burdened. This is the continuation of the multi-year project with prior phases completed and the project is anticipated to be completed in 2016.

GIS Enhancements (200663): \$197,742

1. **Project Description:** The GIS Enhancements project is designed to augment and enhance the current GIS deployment. A base configuration of GIS was deployed at CNG in the past few years but additional functionality has been required to meet the increasing needs of the business. We are implementing a repository to store as-builts and project related paperwork (allowing us to view this data from GIS). We are purchasing additional GIS licenses and tools to meet the growing demand for GIS data.
2. **Need for the Project:** Numerous business systems now interface or require information from CNG's GIS system. Additionally many regulatory reports are completed using information from GIS. We need to continue to enhance this system to meet the needs of the various departments at CNG.
3. **Contingencies:** Cascade Natural Gas will continue to use the existing system until the enhancements can be completed.
4. **Reconciliation with Prior Budget:** This is the continuation of the multi-year project; prior phases have been implemented.