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REPORT NAME: Gas Utility New Construction Budget 2015

COMPANY NAME: Cascade Natural Gas Corporation

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? ☐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) ■RG (Gas) ☐RW (Water) ☐RO (Other)

Report is required by: ■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? ■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 2015

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	CITY	STATE	ZIP CODE
8113 W. Grandridge Blvd.	**Kennewick**	**WA**	**99336**

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

SIGNATURE	TITLE	DATE
	Executive Vice President and General Manager	2-25-15

Schedule B: Gas Utility New Construction Budget (System)	COMPANY: Cascade Natural Gas Corporation	BUDGET YEAR: 2015

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.)							
			PRIOR TO B.Y.	B.Y.	B.Y. + 1	B.Y. + 2	B.Y. + 3	B.Y. + 4	REQUIRED TO COMPLETE	TOTAL
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				36,397						
Measuring & Reg. Sta. Equipment				10,514						
Compressor Station Equipment				0						
Services				4,586						
Meters and Regulators				2,024						
Meter Installations				0						
Other (Land, Equipment, Structures)				0						
Total Distribution				53,521	87,891	84,288	40,849	39,988		306,537
Major General Plant Projects:										
Work Management GLE-Installation (101472)	100%	05/31/2017	708	325						
MWM Project (101479)	100%	10/31/2018	0	196						
GMS Software (101510)	100%	12/31/2015	1,174	110						
IVR Web Implementation (200064)	100%	12/31/2016	719	257						
Customer Care & Billing System (200352)	100%	12/31/2016	4,766	1,623						
GIS Enhancements (200663)	100%	12/31/2019	181	669						
GAS SCADA Enhancements (301813)	100%	12/31/2019	0	400						
Baker City Office Purchase (302000)	100%	07/30/2015	508	43						
GPSLS Software (101481)	100%	12/31/2017	107	22						
Longview Operations Building (307020)	100%	12/01/2016	0	454						
Aberdeen Operations Building (307044)	100%	12/01/2016	0	227						
District Office Access Control System (306967)	100%	12/01/2016	0	334						
Yakima Training Facility (309301)	100%	12/31/2016	0	264						
	100%									
Non-Major General Plant Projects				5,134						
Total General Plant Projects				10,058	10,413	5,120	4,591	1,959		32,141
Total New Construction Budget				63,579	98,304	89,408	45,440	41,947		338,678

Schedule C: Gas Utility New Construction Budget (Oregon)	COMPANY: Cascade Natural Gas Corporation	BUDGET YEAR: 2015

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.)							
			PRIOR TO B.Y.	B.Y.	B.Y. + 1	B.Y. + 2	B.Y. + 3	B.Y. + 4	REQUIRED TO COMPLETE	TOTAL
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				4,204						
Measuring & Reg. Sta. Equipment				492						
Compressor Station Equipment				0						
Services				1,146						
Meters and Regulators				3,322						
Meter Installations				0						
Other (Land, Equipment, Structures)				0						
Total Distribution				9,164	14,948	13,098	14,790	12,303		64,303
Major General Plant Projects:										
Work Management GLE-Installation (101472)	100%	05/31/2017	144	79						
MWM Project (101479)	100%	10/31/2018	0	47						
GMS Software (101510)	100%	12/31/2015	283	27						
IVR Web Implementation (200064)	100%	12/31/2016	176	63						
Customer Care & Billing System (200352)	100%	12/31/2016	1,138	394						
GIS Enhancements (200663)	100%	12/31/2019	44	162						
GAS SCADA Enhancements (301813)	100%	12/31/2019	3	97						
Baker City Office Purchase (302000)	100%	07/30/2015	123	43						
GPSLS Software (101481)	100%	12/31/2017	26	7						
Yakima Training Facility (309301)	100%	12/31/2016	0	137						
District Office Access Control System (306967)	100%	12/01/2016	0	81						
Non-Major General Plant Projects				1,572						
Total General Plant Projects				2,709	1,807	1,311	1,266	475		7,568
Total New Construction Budget				11,873	16,755	14,409	16,056	12,778		71,871

Longview District Office/Shop/Warehouse (307020) - $ 1,555,878

1. Project Description: Purchase property and construct a new District office/shop/warehouse in Cowlitz County, WA. 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 currently owns District office/shop/warehouse space at 1332 Vandercook Way in Longview, WA and 209 Douglas Street in Kelso, WA. Cascade intends to obtain commission approval for the sale of these properties, to purchase a single property, and to construct a new District office/shop/warehouse. With the dilapidation of the building at Cascade's current location, increasing safety concerns require Cascade to seek a new location for the safety of its employees and to improve the efficiency of its overall operations resulting in improved system safety, integrity, and reliability.

3. Contingencies: Cascade will continue to own the existing properties until the purchase of said property is finalized and new facilities are constructed and operational.

4. Reconciliation with Prior Budget: This is a new capital project in the 2015 budget year with all costs anticipated to be spent in 2015/2016

Aberdeen District Office/Shop/Warehouse (307044) - $ 1,555,878

1. Project Description: Purchase property and construct a new District office/shop/warehouse in Grays Harbor County, WA. 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 currently owns District office/shop/warehouse space at 713 West Wishkaw Street, WA. Cascade intends to obtain commission approval for the sale of this property, to purchase a single property, and to construct a new District office/shop/warehouse. With the dilapidation of the building at Cascade's current location, increasing safety concerns require Cascade to seek a new location for the safety of its employees and to improve the efficiency of its overall operations resulting in improved system safety, integrity, and reliability.

3. Contingencies: Cascade will continue to own the existing property until the purchase of said property is finalized and new facilities are constructed and operational.

4. Reconciliation with Prior Budget: This is a new capital project in the 2015 budget year with all costs anticipated to be in 2015/2016.

Baker City Office/Warehouse (302000) - $ 62,640

1. Project Description: Completion of IT/Radio/Security system installations, interior/exterior finish work, and exterior landscaping to the new Office/Warehouse constructed during 2014.

2. Need for the Project: Completion of 2014 Capital Building project.

3. Contingencies: N/A

4. Reconciliation with Prior Budget: Majority of project costs were spent in 2014. All costs for the completion of the project will be spent during 2015.

Work Management-GL Essentials (101472) - $ 322,823

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.

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 continued phase in the project. The project is anticipated to be multi-year completing in 2017. The extended time frame is due to more complicated dependencies within the systems and business processes at Cascade Natural Gas.

GIS Enhancements (200663) - $ 684,936

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. We are also enhancing the Landbase components within the environment to increase spatial accuracy.

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

WR-GAS SCADA Enhancements (301813) - $ 405,164

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: Primary implementation will be complete at end of 2014 with budgeted amounts for future ongoing enhancements/upgrades.

CNG IVR-WEB Implementation (101482/200064) - $ 259,398

1. Project Description: IVR-WEB is designed to provide utility customers self-service functionality for all utility brands: MDU, GPNG, CNG and IGC.

2. Need for the Project: CNG's 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 CNG's 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 their legacy CIS applications. This project will provide this base line function plus more to all of the utility customers as migration of each brand to CC&B continues.

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.

Utility Group Gas Management System Purchase Software (101510) - $ 113,269

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 Utilities (MDU), Great Plains (GP) and Cascade (CNGC) each maintain separate applications (MDU 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 MDU 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 MDU 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 was completed by the end of 2013. The project is approximately 60% complete. Implementation of MDU occurred in 2014. Cascade, GP and IGC will be implemented in first quarter of 2015. Post implementation work for all utilities is expected to be on-going through the 2nd quarter 2015.

Customer Care & Billing (200352) - $1,622,715

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, and Intermountain Gas.

2. Need for the Project: To provide an application that the four utilities could migrate to 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. The common business processes and single application also benefit groups like the Customer Service Center and Centralized Credit & Collections with staffing requirements along with training.

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 going live in February 2013, Great Plains will be going live February 2015, and Intermountain will be last with it scheduled for August 2015.

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.

Mobile Workforce Management System (101479) - $ 195,808

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 were they will electronically receive and update field activities with scheduling and customer service representatives.

2. Need of 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 2015.

District Office Access Control System (306967) - $ 334,285

1. Project Description: Install a building access control system in all the district offices.

2. Need for the Project: The primary reason is to protect the physical and virtual assets contained or accessed from within the building structure and to protect the security and safety of the employees. In the long term, a cost savings will be achieved by avoiding lock-and-key change outs due to terminations. All access control systems will be consolidated onto common centralized security platform.

3. Contingencies: Third party vendor resource availability

4. Reconciliation with Prior Budget: This is a 3 year budgeted project beginning in mid-2014 with an estimated completion date by the end for 2016.

Utility Group GPS Based Leak Survey Software project (101481) – $ 28,898

1. Project Description: GPS Based Leak Survey Software project is intended to design, create and implement a computer based Leak Survey system to replace the existing paper process. It is designed to manage compliance activities for Leak Survey that are defined and maintained via a paper process utilizing maps and assets in an ESRI mapping system. The Leak Survey system would utilize GPS enabled devices giving feedback regarding the inspection process. The hardware and software tools would be used to manage the inspection process while utilizing back office hardware and software to monitor and report on the inspection activities.

2. Need for the project: Implementation of the GPS Based Leak Survey Software will help streamline the O&M record keeping paper formats to a single operational repository of data and activity at Cascade Natural Gas Company. GPS Based Leak Survey Software interfaces with the ESRI GIS, allowing field personnel the opportunity to view O&M record data from the GIS system while in the office. Also, automates scheduling of Leak Survey 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 paper document management systems, until the new GPS Based Leak Survey Software is ready for production.

4. Reconciliation with prior year budget: This is a continued phase in the project. The project is anticipated to be multi-year. The extended time frame is due to enhancements to the software by the vendor, more complicated dependencies within the systems, and business processes challenges at CNGC.