

e-FILING REPORT COVER SHEET

REPORT NAME: Gas Utility New Construction Budget for 2012

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 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
 Order
 Other

Is this report associated with a specific docket/case? No Yes
If Yes, enter docket number:

Key words:

If known, please select the PUC Section to which the report should be directed:

- Corporate Analysis and Water Regulation
- Economic and Policy Analysis
- Electric and Natural Gas Revenue Requirements
- Electric Rates and Planning
- Natural Gas Rates and Planning
- Utility Safety, Reliability & Security
- Administrative Hearings Division
- Consumer Services Section

PLEASE NOTE: Do NOT use this form or e-filing with the PUC Filing Center for:

- Annual Fee Statement form and payment remittance or
- OUS or RSPF Surcharge form or surcharge remittance or
- Any other Telecommunications Reporting or
- Any daily safety or safety incident reports or
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December 29, 2011

Ms. Vikie Malkasian
Oregon Public Utility Commission
550 Capitol Street NE
Salem, OR 97310-1380

Re: Fiscal Year 2012 Construction Budget

Dear Ms. Malkasian:

Enclosed is Cascade Natural Gas Corporation's Construction Budget for Fiscal Year 2012.

If you have any questions regarding this filing, please feel free to contact me at (509) 734-4593.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Parvinen", with a long horizontal flourish extending to the right.

Michael Parvinen
Manager, Regulatory Affairs

Attachments

We make warm neighbors



PUBLIC UTILITY COMMISSION OF OREGON
 550 CAPITOL ST NE SUITE 215, SALEM, OR 97301-2551
 PO BOX 2148, SALEM, OR 97308-2148
PUC.FilingCenter@state.or.us

GAS UTILITY NEW CONSTRUCTION BUDGET FOR 2012

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 extension, and new additions to property of the utility in accordance with Oregon Administrative Rule 860-027-0015.
2. The New Construction Budget 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 not 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 Manager, Regulatory Affairs	DATE 12/29/11	

Schedule B: Gas Utility New Construction Budget (System)

COMPANY:
Cascade Natural Gas Corporation

BUDGET YEAR:
2012

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										
Major Transmission Projects:										
Non-Major Transmission Projects										
Distribution (See Instruction 3):										
Mains				27,207						
Measuring & Reg. Sta. Equipment				250						
Compressor Station Equipment				1,885						
Services				1,976						
Meters and Regulators				3,873						
Meter Installations				35,191						
Other (Land, Equipment, Structures)										
Total Distribution				56,349	31,539	13,819	13,853			150,751
Major General Plant Projects:										
GL Essentials	100%	05/2012	113	418						
Fixed Network Pilot	100%	10/2012		450						
Radio System Replacement	100%	05/2012	34	450						
UG PowerPlant/Tax/Budget CNG	100%	05/2012	3	791						
Customer Care & Billing	100%	07/2010	11,075	2,154						
Total General Plant Projects				6,431	4,791	613	626			16,798
Total New Construction Budget				41,522	61,140	14,432	14,479			167,549

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DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO / YR)	EXPENDITURES (B.Y. = BUDGET YEAR; B.Y.+ 1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)						TOTAL	
			PRIOR TO B.Y.	B.Y.	B.Y. + 1	B.Y. + 2	B.Y. + 3	B.Y. + 4		REQUIRED TO COMPLETE
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				2,625						
Measuring & Reg. Sta. Equipment				50						
Compressor Station Equipment				364						
Services				486						
Meters and Regulators				1,145						
Meter Installations				4,670						
Other (Land, Equipment, Structures)										
Total Distribution				13,697	7,667	3,359	3,368			32,761
Major General Plant Projects:										
GL Essentials	100%	05/2012	27	102						
Fixed Network Pilot	100%	10/2012		109						
Radio System Replacement	100%	05/2012	8	109						
UG PowerPlant/Tax/Budget CNG	100%	05/2012	1	192						
Customer Care & Billing	100%	07/2010	2,692	524						
Non-Major General Plant Projects				491						
Total General Plant Projects				1,527	1,165	149	152			4,047
Total New Construction Budget				6,197	14,862	3,508	3,520			36,808

Cascade Natural Gas Corporation
Gas Utility New Construction Budget for 2012
Public Utility Commission of Oregon
Major Project Narrative (over \$300,000)

GL Essentials: \$417,800

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 Utility, 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 project in this budget year.

Fixed Network Pilot: \$450,000

1. **Project Description:** Fixed Network is doing meter reading from a fixed location.
2. **Need of the project:** Cascade Natural Gas currently does meter reading either by walking or driving a route, manually reading a meter or using an AMR (Automated Meter Reading) System. Fixed Networks because they can read meters on a frequent basis Organizations are better able to identify problem areas or abuse and respond more rapidly. Electrical companies are moving more and more to a fixed network structure to better monitor and manage utilization. Fixed Network's in a Gas environment is under consideration thus the need to do a pilot project to better gain an appreciation of the potential use in the Gas only environment of Cascade Natural Gas.

3. Contingencies: Cascade Natural Gas will continue reading meters either by walking or driving a route, manually reading a meter or using an AMR System, until the Fixed Network is implemented.
4. Reconciliation with prior year budget: This is a new project in this budget year.

Radio System Replacement: \$450,000

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 the mid - 1990's. 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: The updated estimate of total project cost is \$484K which includes \$450K for budget year 2012.

UG PowerPlant/Tax/Budget CNG: \$791,100

1. Project Description: To ensure the greatest efficiencies are being met, this project will implement a core system that will help to better maintain and process the needs listed below. Migrating from our current disparate systems to this proposed new standard solution will help to integrate current processes and procedures, listed below, into the best fit for the MDU Utilities Group. This integration of current and legacy practices will primarily focus on ensuring that all four utilities are utilizing the most efficient practice. Therefore, it is clear that all four utilities may need to change, eliminate, or enhance processes and procedures for a best fit. 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: Maintaining the vast amount of projects, fixed assets, and tax requirements has become cumbersome and potentially puts Cascade Natural Gas at a disadvantage for not fully realizing and capitalizing on Utility specific accounting and tax requirements. Currently, much of this process is being done manually using large Excel Spreadsheets that are prone to error and allow for increased risk of miss-calculations. There are recent deficiencies with this manual process that has greatly increased the need for this project.
3. Contingencies: Cascade Natural Gas will continue to use the existing processes until the implementation of the new software.
4. Reconciliation with Prior Budget: This is a new project in this budget year.

Customer Care & Billing: \$2,154,300

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.
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 phase; Cascade was first in August 2010, with MDU and Great Plains next, and Intermountain last.
4. Reconciliation with Prior Budget: The prior budget update for this project had a total project cost of \$11.3M. 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 utility 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. The updated estimate of total project cost is \$13.2M which includes \$2.2M for budget year 2012.



CASCADE NATURAL GAS

C O R P O R A T I O N

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