**SECTION 2**

**COMPANY OVERVIEW**

**Overview**

Cascade Natural Gas Corporation delivers retail natural gas service to more than 273,000 customers with approximately 205,000 customers in Washington and 68,000 in Oregon. The Company’s customers are located in 96 communities --68 of which are in Washington and 28 in Oregon. Cascade's service areas are concentrated in the smaller, rural communities in western and central Washington and central and eastern Oregon. The climate of the service territory is almost as diverse as its geographical extension. The western Washington portion of the service territory (nicknamed “I-5 corridor”) has a marine climate similar to many coastal cities of western and southern Europe. Periodic exceptions include the occasional significant snow events, but these are rare. In general, the climate in the western part of the service territory is mild with frequent cloud cover, winter rain and warm summers.

**Key Points**

* Cascade serves diverse geo-graphical territories across Washington and Oregon.
* The Company began in 1953 with the unification of five local distributors.
* Cascade’s primary pipelines are Northwest Pipeline (NWP), Gas Transmission Northwest (GTN), and Westcoast (WCT) with access to three other pipelines.
* Core customers represent 23% of total throughput, while non-core customers represent 77% of total throughput.
* Cascade is a subsidiary of MDU Resources Inc., based in Bismarck, North Dakota.

The climate of the eastern portion of Cascade’s Washington service territory has semi-arid conditions with periods of arctic cold in the winter and heat waves in the summer.[[1]](#footnote-1)

Described below are some of the major towns within specific regions where Cascade provides distribution service.

* **Northwest** – Bellingham, Mt. Vernon, Oak Harbor/Anacortes, the Kitsap Peninsula, the Grays Harbor area and Kelso/Longview
* **Central** – Sunnyside, Wenatchee/Moses Lake, Tri-Cities, Walla Walla and Yakima areas.
* **Southern** – Bend and surrounding communities, Ontario, Baker City and the Pendleton/Hermiston areas.

Over the sixty-six years Cascade has been in business, the Company has gone through many changes. Figure 2-1 provides a snapshot of the Company’s most landmark experiences from the last six decades. Cascade has provided a map in Section 13, Figure 13-13 that shows the certified service areas as specified in RCW 80.28.190.

**Figure 2-1: Historical Timeline for Cascade Natural Gas**

**Pipeline and Basin Locations**

Cascade purchases natural gas from a variety of suppliers and transports gas supplies to its distribution system via three natural gas pipeline companies. Northwest Pipeline LLC (NWP) provides access to British Columbia and domestic Rocky Mountain gas, Gas Transmission Northwest (GTN) provides access to Alberta gas, and Westcoast Transmission (WCT) provides British Columbia gas directly into the distribution system. Cascade also holds transportation contracts upstream of these systems on TransCanada Pipeline’s Foothills Pipeline (formerly ANG) and NOVA Gas Transmission Ltd. (also known as NGTL), as well as on Ruby Pipeline. More information about the pipelines and the supply basins can be found in Section 4, Supply Side Resources. Maps of select pipelines can be found in Section 13, Glossary and Maps.

**Core vs Non-Core/Bundled vs. Unbundled Service**

Since Cascade began distributing natural gas in the Pacific Northwest, the Company has offered its customers a “bundled” natural gas distribution service. This bundled service includes the gas supply which is transported to Cascade’s citygate and the distribution of that gas to the end use “bundled-service” customer. Customers receiving traditional bundled services are referred to as core customers.

In 1989, Cascade “unbundled” its rates, and, as a result, the Company currently has approximately 250 large volume customers who have elected to become "non-core" customers. These customers have made the choice to rely on alternative methods of gas service rather than take the traditional bundled gas supply and pipeline transportation services available to core customers for their gas requirements.

Providing gas supply and transportation capacity resources to non-core customers is not considered part of this Integrated Resource Plan (IRP). As such, resources for serving these customers are separate from the supply and capacity contracts for the core customers who continue to utilize Cascade’s bundled system gas supplies and capacity. Although the resource needs for non-core customers are not included in either the conservation or supply side resource analysis, their contracted peak day delivery is considered in the distribution system planning analysis discussed in Section 9, Distribution System Planning.

For the calendar year ended December 2015, Cascade's residential customers represented approximately 12% of the total natural gas delivered on Cascade's system, while the commercial customers represented approximately 9% and the 500 core market industrial customers consumed approximately 2% of total gas throughput. The remaining non-core industrial customers represented about 77% of total throughput.

**Company Organization**

Cascade is a subsidiary of MDU Resources Group, Inc., a multidimensional natural resources enterprise traded on the New York Stock Exchange as “MDU Resources.” Cascade is part of the utility group of subsidiaries. MDU Resources Group’s utility companies serve more than 1 million customers. Cascade Natural Gas Corporation distributes natural gas in Oregon and Washington. Great Plains Natural Gas Co. distributes natural gas in western Minnesota and southeastern North Dakota. Intermountain Gas Company distributes natural gas in southern Idaho. Montana-Dakota Utilities Co. generates, transmits and distributes electricity and distributes natural gas in Montana, North Dakota, South Dakota and Wyoming. Figure 2-2 provides a geographical representation of the various services/territories served by MDU Resources.

**Figure 2-2: MDU Resources Services and Territory**

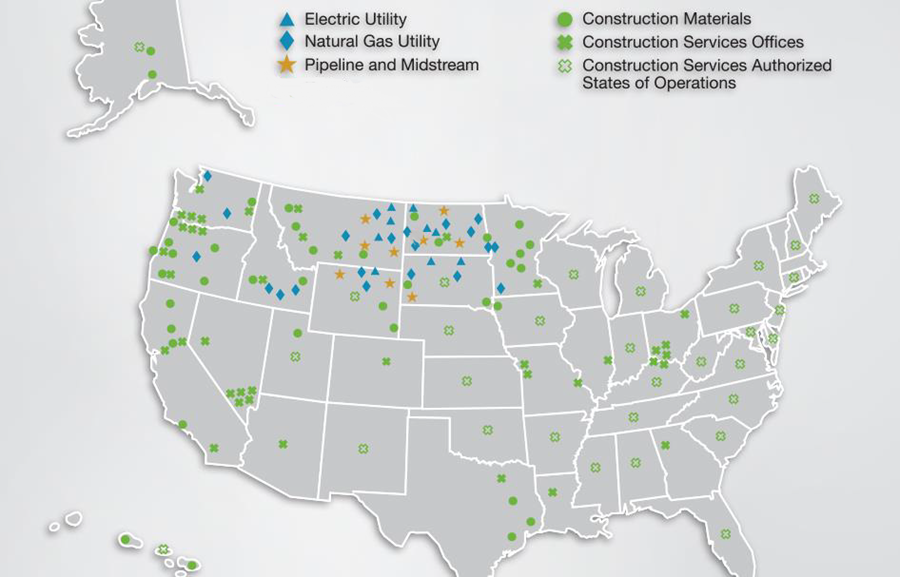


Figure 2-3 is a picture of the Company’s headquarters. Cascade’s headquarters is located in Kennewick, Washington. Many internal and external stakeholders have developed Cascade’s 2016 IRP. Cascade’s IRP Steering Committee provides oversight and guidance, ensuring the IRP meets all regulatory requirements.

**Figure 2-3: Cascade’s Headquarters in Kennewick, Washington**



1. Western Regional Climate Center, retrieved November 14, 2016. [↑](#footnote-ref-1)