

# City of Ellensburg Natural Gas Department History

**1954** Pacific Northwest Pipeline Corporation was granted a certificate of public convenience and necessity after a long and costly procedure. This enables them to build 1,487 miles of main pipeline and 1,084 miles of laterals to connect the San Juan gas fields in New Mexico to the Pacific Northwest markets and Canada at Sumas, Washington.

**1954** Sale staff from Pacific Northwest Pipeline work the region soliciting utilities to build natural gas distribution systems. Cascade Natural Gas signs contracts to serve the Yakima and Wenatchee valley markets but skips Ellensburg. In Ordinance 2253 October 6<sup>th</sup>, 1954 Ellensburg City Council "finds that a lack of a natural gas utility in the City has created an emergency and an emergency is hereby declared to exist". A special election was called on the 2<sup>nd</sup> day of November 1954 in which the voters of Ellensburg vote for or against creating a natural gas utility and incurring \$650,000 of debt at 6% interest to construct it. The measure was ratified by the voters of Ellensburg.

**1955-56** Construction is mostly complete for the over \$200 million dollar pipeline and preparations are underway to serve heating loads for the 1956-1957 winter. Power generation using natural gas was identified as a major market at that time as forecasts had the Pacific Northwest running out of excess hydropower in 1960.

**1956** April 17, 1956 Council meeting, Council approves plans and specifications for the location and construction of its gas utility system. Contracts with Pacific Northwest Pipeline have been completed for supply and delivery to the "City Gate" and Ordinance 2308 is adopted July 16 to start eminent domain proceedings for five tracts of property needed. Ordinance 2309 authorizes issuance of gas revenue bonds in the amount of \$650,000 par value for 4 ½% interest. Ordinance 2310 adopted September 4, 1956 established building code requirements for the installation of natural gas equipment, piping, licensing installers and created a natural gas inspector position for the City.

**1957** 773 customers have signed up for natural gas service. Due to construction delays, customers are asked who really needs natural gas service this winter and delays connection/conversion of less urgent customers. Pacific Northwest Pipeline was not just the transporter of natural gas but owned the gas fields and sold that gas to utilities as a bundled service. The industry was regulated therefore rates were reviewed/approved by the Federal Energy Regulatory Commission (FERC).

**1959** Ordinance 2435 dated 12/21/59 established salaries for Gas Superintendent at \$7,391 per year. City Manager \$10,541, Light Superintendent \$8,446, City Engineer \$7,713, Chief of Police \$6,427

**1961** Ordinance 2487 establishes main extension policies that allow extensions inside the City at no cost if the revenue in 2 ½ years will cover the cost of extension otherwise customer pays the difference. Outside the City lines under 75' are at no charge, lines over that are at customer's expense.

**1964** Ordinance 2559 established natural gas rates as follows; 0-4 mcf \$1.50/mcf, next 7 mcf @ \$1.00/mcf, next 22 MCF @ \$0.85/mcf, next 140 mcf @ \$0.70/mcf, all additional @ \$0.65/mcf. Minimum monthly bill \$1.00.

**1970** CWU converts old central steam plant at 7<sup>th</sup> and Sampson St from bunker oil to natural gas. They pay the \$70,000 cost to run a 6" steel line from the Seattle Ave regulator station to the old physical plant.

**1975** CWU has new physical plant built at 11<sup>th</sup> and D Street and pays to extend the 6" steel line from 7<sup>th</sup> and Sampson to the new central steam plant. New steam plant is dual fuel and able to operate on #2 diesel oil stored in two – 150,000 gallon underground tanks at the physical plant.

**1981** Deregulation hits Northwest Pipeline. President Regan pushes deregulation, which affects Northwest Pipeline, as they are an interstate pipeline providing a bundled service (wellhead to City Gate) to their customers. It took several

years to unwind the way Northwest did business with the last step being allocating Clay Basin storage capacity out to their customers. Ellensburg purchased an allocation of the natural gas in storage for \$1.70/Dth in 1992 and signed a long term contract with Questar, the owner of Clay Basin, for 127,800 Dth of firm storage capacity.

**1990's** City Council takes hard line on no new natural gas services/main extensions outside the City limits.

**1996** Federal Dept. of Transportation who regulates gas pipelines starts requiring utilities to offer excess flow valves on service lines effective 1999. Customers could opt out for the valves on new service lines initially but in 2010 it becomes a requirement for new lines. Existing service lines can pay to have the valves installed.

**1997** Puget Sound Power & Light acquires Washington Energy Company, the largest natural gas utility in the state of Washington, creating Puget Sound Energy. Several requests for City natural gas service outside the City limits are denied during the 1990's which motivates Puget Sound Energy to file with Utilities and Transportation Commission for a service territory in Kittitas County. A bitter dispute goes on resulting in a negotiated service territory delineation. As the City would not or could not serve the entire Kittitas County they were granted in 1956, they released everything outside a pie shaped territory roughly bounded by the Northwest Pipeline lateral on the east and the Yakima River on the west running north to the foothills. Puget Sound Energy received everything else to serve with a new natural gas utility.

**1998** Ordinance 4155 City issues \$2.165 million in revenue bonds for system expansion into areas outside the City limits. A surcharge rate option for new customers is adopted with 3 options to pay the \$1,015 customer aid to construction costs. 1) pay \$1,015 upfront at time of service no surcharge, 2) pay \$200 upfront and incur a \$0.15/Ccf surcharge for 7 years or 3) pay no upfront charge and incur a \$0.19/Ccf surcharge for 7 years.

**1997-2000** PSE builds a new natural gas utility in Kittitas County for roughly \$100 million. The first phase gets mains installed as far as the Yakima River. After a difficult Yakima River bore they install mains to Thorp. Later the line to Cle Elum and the Suncadia development are installed. PSE does not have any firm transportation capacity on Northwest Pipeline to Kittitas County and operates on an interruptible basis. There is some outreach with Ellensburg on releasing some of Ellensburg's firm transportation but that goes nowhere.

**2007** Cascade Natural Gas and PSE have been working with Northwest Pipeline exploring options to reinforce the Wenatchee Lateral. Ellensburg is excluded until the very end of those discussions due to the public disclosure laws Ellensburg must comply with. Representatives presented several options to Ellensburg all of which require Ellensburg to be a participant to make it financially feasible. Options include additional pipe capacity, increased compression and a liquefied natural gas peaking facility in the Yakima area. While Ellensburg expressed interest to participate, the whole concept ended without any plans to increase capacity.

**2013** City Council makes it mandatory to install natural gas mains in new subdivisions at the time of construction. This does not require natural gas service lines to each home built but would enable a homeowner future access to natural gas service

**2014** Council authorizes marketing efforts for the natural gas utility including offering incentives for; fuel switching, furnace upgrades, new services along with advertising flyers promoting the utility.