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March 27, 2017

VIA WEB PORTAL AND OVERNIGHT MAIL

Mr. Steven King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, SW
Olympia, WA 98504

**Re: Washington Utilities & Transportation Commission v.
Cascade Natural Gas Corporation
Docket No. PG-150120**

Dear Mr. King:

This letter serves to advise the Commission that Cascade Natural Gas Corporation (CNGC) and Commission Staff have reviewed Order 3, Final Order Approving and Adopting Settlement With Conditions (Final Order), in the above referenced docket, and will accept the conditions set forth in the Final Order, based on their mutual understanding of the following condition.

With respect to the First Condition discussed in Paragraph 42 of the Final Order, CNGC and Commission Staff understand that the Commission's discretion to apply suspended penalties to the compliance provisions applies specifically to Nos. 1-7 of the Compliance Program set forth in the Settlement Agreement.¹ It does not apply to No. 8, which expressly states that:

CNGC will commence a program to align its operations with the standards of API Recommended Practice 1173. Commission Staff will review CNGC's progress in implementing these operational changes. API 1173 is a recommended practice and, as such, compliance with API 1173 may be subject to audit but shall not be the basis for penalties.

Additionally, with respect to paragraph 23 of the Final Order, Staff has designated the Director of Pipeline Safety as Staff's point person to monitor the progress of CNGC under the Settlement Agreement.

¹ Settlement Agreement, section V.B.1-7.

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Very truly yours,



Sheree S. Carson, Perkins Coie
Attorneys for Cascade
Natural Gas Corporation

Very truly yours,



Julian Beattie
Attorneys for Washington
Utilities and Transportation
Commission Staff