

Cascade Natural Gas Corporation
COMPANY PROCEDURE

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TITLE: DISTRICT MANAGEMENT RESPONSIBILITIES FOR REGULATORY AND
PROCEDURAL COMPLIANCE

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TITLE: DISTRICT MANAGEMENT RESPONSIBILITIES FOR REGULATORY AND
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PURPOSE

To describe District Management Responsibilities for regulatory and procedural compliance and ensure that deadlines are met. Define the Quality Assurance and Quality Control responsibilities for Field Operations Management and the Compliance Department.

DEFINITIONS

Compliance Date – All tasks must be finished prior to compliance dates. Failure exposes the company to penalties. See GOAL table.

Target Date – A date set by the Company that the task should be completed. Our target date precedes the compliance date. When tasks are completed by the target date, compliance timelines are achieved. See GOAL table.

Quality Control – An action taken by Field Operations Management to ensure Compliance with applicable regulation and Company Procedures. Field Management plans, organizes, and directs the performance of sufficient actions to provide reasonable control that objectives and goals will be achieved.

Quality Assurance – Monitoring of processes, comparing to a standard and providing feedback that communicates systemic deficiencies. This can be contrasted with Quality "Control" which is focused on the monitoring of individual records.

Corrective Action, Preventive Action CAPA – Improvements to an organization's processes taken to eliminate causes of non-compliance or other undesirable situations. It focuses on the systematic investigation of the root cause or causes of non-conformities in an attempt to prevent their recurrence (for corrective action) or to prevent occurrence (for preventive action).

Systemic Risk - Is a problem due to issues inherent in the overall system or process rather than due to an individual, isolated factor or specific issue. For example a systemic risk maybe noted if a similar problem is found in all three of CNGC's regions.

Root Cause - The most basic cause (or causes) that can reasonably be indentified and that management has the resources to fix, when fixed it will prevent (or significantly reduce) the likelihood of the problems recurrence.

.01 GOAL

All tasks will be scheduled, completed, and reviewed for completeness by the target date.

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Schedule	Compliance Date	Target Date
Ten Year	At least once every ten years, but before Dec 31 of the tenth year.	Perform with the annual maintenance
Five Year	At least once every five years, but at intervals not exceeding 63 months.	90 days prior to Compliance Date
Three Year	At least once every three years, but at intervals not exceeding 39 months.	90 days prior to Compliance Date, attention should be made to keep the target date for the survey in the same month as done in the previous year.
Bi-Annual (2 year)	At least once every other year.	Same month as prior performance
Annual	At least once each calendar year, but at intervals not exceeding 15 months.	60 days prior to Compliance Date
Semi-Annual (6 month)	At least two times each calendar year, but at intervals not exceeding 7 1/2 months.	45 days prior to Compliance Date
Quarterly (3 month)	At least 4 times each calendar year, but at intervals not exceeding 4 1/2 months.	30 days prior to Compliance Date
Bi-Monthly (2 month)	At least 6 times each calendar year, but at intervals not exceeding 2 1/2 months.	15 days prior to Compliance Date
Monthly	Once each calendar month	Depends on task
Weekly	Once each week	Depends on task
Daily	Once each day	Depends on task

.02 TASKS

- a. 10-year tasks
 - 1. Regulator Rebuilds (CP 735) - To be scheduled at annual maintenance interval
- b. 5-year tasks
 - 1. Leak Survey: Section 2-6 (CP 610, 730) – “Non-business” areas. 1 section is performed each year. There are 5 sections that are rotated year-to-year.
- c. 3-year tasks

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1. Atmospheric Corrosion inspection groups (CP 754) – 1 Section of meters are performed each year. There are 3 sections that are rotated year-to-year.
- d. 1-year (Annual) tasks
1. Other Public Official Liaison and Outreach - Emergency Responses
 2. CNGC's data base - review of Annual tasks (i.e. maintenance reminder)
 3. Regulators (CP 700, 745) - Check maintenance schedule for 10 year rebuilds
 4. Valves: Operational and Service Line (CP 700, 740)
 5. Leak Survey: Section 1 (CP 610, 730)
 6. Leak Survey: High Pressure Lines (CP 610, 640, 715)
 7. Odorizers (CP 747)
 8. Cathodic and Casing Survey (CP 755)
 9. Instruments (CP 756)
 - i. Pipe locators
 - ii. Heath odorator
 - iii. Pressure gauges
 - iv. Pressure recorders
 - v. Digital volt meters
 - vi. Half cells/electrodes
 - vii. Stand-alone carbon monoxide detectors (Monoxors)
 - viii. Any other district equipment that is called out for annuals per Manufacture's recommendations.
 10. Fire Department Liaison Program *Sharepoint*
- e. Semi-annual (twice yearly) tasks
1. Leak Survey: Transmission Lines (CP 610, 640, 615)
 2. Shorted Casing Leak Survey (CP 755)

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3. Instruments (CP 756)
 - i. "Gas-Trac" CGI (Gas detection equipment)-as we have Sensit's etc.
 - ii. J&W Odorometer
 - iii. Any other district equipment that is called out for per Manufacture's recommendations.
- f. Quarterly (4 times/year) tasks
 1. Quarterly Patrol (CP 716)
 2. Instruments (CP 756)
 - i. Pyrometers (CNG and Contractor)
 - ii. Any other district equipment that is called out for quarterly's per Manufacture's recommendations.
 3. Non-Maintenance Task Scheduled
 - i. Service Van Inspection (CNG 630)
 - ii. Construction Truck Inspection (CNG 635)
 - iii. Safety Committee Responsibilities (CP 89)
 - iv. Locate Inspection on known excavated pipe (CNG 231 & CP 799)
- g. Bi-Monthly (6 times/year) tasks
 1. Rectifier and Galvanic System Survey (CP 755)
- h. Monthly tasks
 1. Check employee OQ qualification
 - i. Schedule retraining
 - ii. Do not assign employees to tasks where their qualification expired.
 2. Sniff Checks (CP 747) – Perform in the first 5 business days of month.
 3. Monthly Odorant Summary Reports
 4. Non-Maintenance Task Scheduled

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- i. Instruments (CP 756) – Perform the last Friday of the month not to exceed 45 days.
 - 1. Sensit Gold CGI
 - 2. Ultra-Trac CGI
 - 3. Gas Sentry CGI
 - 4. Trak-It III CGI
- ii. Any other district equipment that is called out for monthly's per Manufacture's recommendations.
- iii. District Safety Meeting Responsibilities (CP 89) - Perform during the month
- iv. O&M Review, designated CP's to review will be provided by the Manager Standards and Compliance.
- v. Construction Inspections - Perform during the month
 - 1. *Form located on CNG data base (CNG form 230)*
One inspection per crew (CNG or Contractor)
- vi. Monthly Inspections of Locates
 - 1. *Form located on CNG data base (CNG form 231)*
A minimum of one inspection per month, 4 per year to be verified by comparison of a locate to the known excavated pipe.
 - 2. The Managers will use the SearchandStautus.com to aid in developing their own random sampling schedule.
- vii. Mapping checks
 - 1. Review 'Mains Report' to ensure its accuracy, completeness, and timeliness of reporting - Perform during the month

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2. Review “Monthly Missing Scans Report” to ensure accuracy, completeness, and timeliness of reporting - Perform during the month

viii. Weekly tasks

1. Pressure Chart Replacement and Review (CP 735) – Remove every 7 days.

2. Maintenance Tasks

- vii. Review compliance paperwork for proper documentation and completion by operations personnel.

- viii. Perform necessary task close-out in Accepted Maintenance Management system.

- ix. Review closed tasks to ensure info is captured in Accepted Maintenance Management System

5. Cathodic Monitoring Results

- i. Review for necessary remedial action
- ii. Saved on CNGC’s data base

i. Daily tasks

1. Non-maintenance task scheduled

- i. Instruments (CP 756)

1. Flame Ionization (FI) and RMLDS Units – Perform each day the instrument is used.

- ii. Construction Activity Report

Submit report to appropriate state about the construction locations for the day. (CP 780)

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.03 Quality Control Measures (QC)

i. QC is a process owned by Field Operations Management. Field Operations Management includes (DM)'s District Managers, (OM)'s Operations Managers. (RM)'s Regional Manger.

ii. QC for CNGC is a process involving the local mangers (DM) and (OM). All

documentation requiring their signatures will be reviewed by them for accuracy and compliance, any deficiencies noted will be addressed by the local managers and documentation corrected before it is scanned into CNGC's data base.

iii. Although Regional Managers are responsible for all compliance activities and have the flexibility to review that in the manner they deem most appropriate within their region they will play an active role in the QC process by reviewing and signing the most critical tasks for their regions as noted below:

- Leak Investigation (CNG Form 293 a,b,&,c)
- Integrity Dig Report (CNG Form 625)
- Monthly Odorization Report (CNG Form 314)
- Reportable Incident review (CNG Form 234)

The Regional Managers signature stating the document was reviewed for accuracy and compliance will be necessary before the document is scanned into the CNGC's data base.

During the (RM)'s review if a deficiency's is noted then the (RM) is responsible for the mediation before the document is scanned into the CNGC's data base.

.04 Quality Assurance Measures (QA)

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- a. The Manager of Standards and Compliance will be responsible for the (QA) portion of the program this is higher level overview of the documents that are uploaded into CNGC's data base with a focus on accuracy and compliance. Pipeline Safety Specialist will be responsible for the review of random sampling of compliance driven documentation monthly when a deficiency is noted, the Pipeline Safety Specialist will initiate the Corrective Action Plan (CA).

- b. A request for a Corrective Action Plan will be sent to the Regional Managers along with supporting documentation describing the need for the Corrective Action Plan to be initiated. Regional Managers will be responsible for the design and implementation of the Corrective Action Plan but they will work with their respective Pipeline Safety Specialist to define a time line that is both prudent and realistic. A copy of the completed plan will be sent to the Pipeline Safety Specialist and Manager Standards and Compliance. The VP of Operations will be notified if the established timelines for Corrective Action Plans are not met.

- c. The Manager Standards and Compliance will review the copy of the Corrective Action Plans and is responsible for identifying any systemic problems or issues. If a systemic risk is identified the Manager Standards and Compliance will send a blank Preventative Action form and supporting documentation to the Manager Operations Services for review.

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Any changes to a process stemming from the Manager Operations Services review will go through the Management of Changes Process CNGC CP#1.

Locate Inspection Checklist

District/Town: _____ Date: _____

Location: _____

Locate performed by: *(print)* _____

If applicable: Bore footage: _____ Asphalt replace: _____ ft Work order #: _____
 Concrete replace: _____ ft

Facility being located Type:

- | | | |
|---|--|---|
| <input type="checkbox"/> Steel Service Line | <input type="checkbox"/> HP Service Line | <input type="checkbox"/> Plastic Service Line |
| <input type="checkbox"/> Steel Main | <input type="checkbox"/> Rectifier | <input type="checkbox"/> Plastic Main |
| <input type="checkbox"/> Hp Main | <input type="checkbox"/> Other: (Key Facility) | |

Work Site Check – Compliance with Company Procedures				SATISFACTORY		
				YES	NO (See below)	N/A or Not Witnessed
Operator Qualification Task Code?						
Procedures/Cert. Cards (On site: welding, shoring, etc.) For welding date – use next due date				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Name	Date completed	Locator model #	Locator Serial #			
Pre-inspection Requirements		Cp # and page inserted here				
Print ITIC ticket						
Print screen shot of Pcad order						
Printed Map of area located						
Field observations						
Was traffic control needed				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Was area to be located defined in white				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Area marked as defined on locate ticket				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yellow marking paint used				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buried Gas Line flags used				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Located marks compared to the printed map				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Physical locate matches the Pcad description				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Were all CNG facility's marked				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Was "CNG" marked in area located				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Was pipe type or size identified correctly where required				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Was locate completed with accuracy and professionally.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Where required Pipe Line Markers in place				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FIELD OBSERVATIONS and COMMENTS						
BELOW SHALL BE FILLED OUT WHEN LOCATE IS VERIFIED IN THE FIELD. 1 PER QUARTER 4 ANNUALLY.			In addition to the above complete the following when CNG facility's are exposed		DATE:	
Excavator:						
Depth of Excavation			DEPTH:		Soil type (can check more than one)	
Depth of CNGC Facility			DEPTH:		<input type="checkbox"/> Rock <input type="checkbox"/> Sand <input type="checkbox"/> Clay <input type="checkbox"/> Silt	
HOW CLOSE WAS FACILITY TO LOCATE LINE?			DISTANCE:			

Save scan copy to sharepoint\ Loc Inspe Checklis<District> as <On-site Representative><Inspector><Date>.tif CNG 231

Locate Inspection Checklist

Operator Qualification Validation

Name <i>(Please Print)</i>	OO Task	Qualification Current	
		Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>

Comments:

 (On-site Representative)

 (Inspector)

General Manager Analysis

Locate grade	<input type="checkbox"/> Good Job	<input type="checkbox"/> Needs Improvement Describe Actions Below	<input type="checkbox"/> Unsatisfactory – Describe Actions Below
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**Comments and
 Actions Taken:**

 (General Manager)

 Date

Cascade Natural Gas Preventive Action Plan



Time	Date	Manager assigned :
Location of discrepancy's		Nature of Systemic Risk <input type="checkbox"/> Procedural <input type="checkbox"/> Documentation
Time line for preventive action		Reported by

Description of Systemic Risk

Preventive Plan

Explanation/ Reason for Occurrence (Root Cause)

Action Items Prompted by This Occurrence that will Insure the Safety of Employee(s), Public and/or Property

Action Taken to Insure Occurrence has been Properly remedied

Regional Manager	Date	Operations or District Manager	Date
------------------	------	--------------------------------	------

Original-Regional Manager
Copy-Compliance Manager

Cascade Natural Gas Preventive Action Plan



Additional space as needed

A series of approximately 20 horizontal lines for writing the preventive action plan.

Original-Regional Manager

Copy-Compliance Manager

Cascade Natural Gas

Corrective Action Plan



Time assigned	Date assigned	Regional Manager assigned :
Location of discrepancy		Nature of Discrepancy <input type="checkbox"/> Procedural <input type="checkbox"/> Documentation
Time line for remediation	Type of Incident Reported	

Describe Occurrence found by PSS

District or Contractors Response

Explanation/ Reason for Occurrence (Root Cause)

”

Action Items Prompted by This Occurrence that will Insure the Safety of Employee(s), Public and/or Property

Action Taken to Insure Occurrence has been Properly Remedied

Regional Manager	Date	Operations or District Manager	Date
------------------	------	--------------------------------	------

USE BACK FOR DIAGRAM AND EXTRA COMMENT SPACE. ATTACH ADDITIONAL INFORMATION IF NEEDED TO FULLY EXPLAIN ANY OF THE REQUESTED INFORMATION.

Original-Regional Manager

Copy-Compliance Manager