



STATE OF WASHINGTON

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WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
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Ref. No. Docket PG-030438

CERTIFIED MAIL

May 10, 2006

Daniel E. Meredith, P.E.
Sr. Director, Safety and Engineering
Cascade Natural Gas Corporation
222 Fairview Avenue North
Seattle, Washington 98109

Dear Mr. Meredith:

Subject: Cascade Natural Gas Settlement Agreement Docket PG-030438

During the week of April 10, 2006, and in accordance with the conditions and requirements of the Cascade Natural Gas (CNG) Settlement Agreement and Order (Agreement), docket number PG-030438, the commission's pipeline safety section conducted a follow-up inspection of records and procedures in CNG's Bellingham and Mount Vernon districts.

Our review of records and procedures related to the Agreement shows that CNG has implemented a series of improvements in how compliance work is tracked and scheduled which has resulted in better tracking and scheduling of required maintenance work. CNG has also reviewed and revised their Operations and Maintenance procedures manual.

Records show that CNG has met or exceeded all of the terms of the Agreement. Under Appendix A, Violation 3 of the Agreement, we have the option of requiring that an additional year of quarterly audit reports be submitted to the commission. Because the results of these audits indicate that CNG is achieving compliance, we will not require submittal of reports for an additional year.

We acknowledge the efforts and hard work of CNG personnel, which has resulted in the positive changes that CNG has achieved in relation to the Agreement.

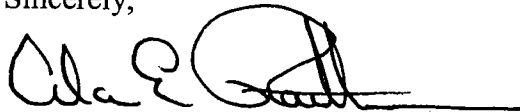


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If you have any questions regarding this inspection or settlement agreement, please contact Scott Rukke at (360)664-1241.

Thank you for your cooperation and interest in pipeline safety.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan E. Rathbun", with a long horizontal line extending to the right.

Alan E. Rathbun
Pipeline Safety Director