



STATE OF WASHINGTON  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION  
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Ref. No. Docket PG-110443

**CERTIFIED MAIL**

August 17, 2012

Eric Martuscelli  
Vice President-Operations  
Cascade Natural Gas Corporation  
8113 W. Grandridge Blvd.  
Kennewick, WA 99336

Dear Mr. Martuscelli:

**RE: Response to June 22, 2012 Letter and Settlement Agreement Status**

Thank you for your letter dated June 22, 2012 describing Cascade Natural Gas (CNG) status of compliance with terms of the Settlement Agreement (Agreement) approved by the Utilities and Transportation Commission (commission) on August 3, 2011(docket PG-110443).

Commission Staff (staff) conducted a review to determine compliance with the Agreement. The review is based on CNG's letter of June 22, 2012 and subsequent meeting with CNG personnel on July 20, 2012.

Staff's review finds that CNG has met most of the general conditions found in paragraph 13 of the Agreement. Paragraph 13 consists of eight (8) action items. Staff has determined that conditions have been met for items 1, 2, 3, 6, 7 and 8. We will issue a supplemental confirmation letter for items 4 and 5 once staff has had an opportunity to verify completion.

Item 1 requires implementation of a Management of Change (MOC) program. A MOC program has been developed and is being used by CNG. Procedures have been written and the program has been integrated between districts and headquarter personnel. Tracking mechanisms are in place and a quality assurance/quality control component added to aid in process management.



Item 2 required the implementation of a centralized maintenance tracking system. SharePoint has been used since January 2011 as the central repository for all maintenance activities. CNG intends to migrate to GI essentials by January 2013. The system allows headquarters staff to track maintenance activities at district offices to help ensure that required activities are being performed.

Item 3 required the implementation of a QA/QC program to help ensure that district offices are complying with appropriate requirements. Additional staff has been hired and the program has been implemented.

Item 4 requires that staff perform follow-up inspections at CNG district offices to verify compliance with violations found in referenced inspections. These follow-up visits are to be scheduled by commission staff in the near future.

Item 5 required development of a process to update current maps and require that new maps be updated. CNG is in the process of updating all of its maps and is on target to complete this work by December 31, 2012.

Item 6 requires that a process be developed to ensure that updates and revisions to CNG's O&M manual are distributed and understood by district offices. CNG has developed a process to distribute and ensure that updates are understood by district staff. This process is integrated with the management of change process.

Item 7 requires a review and modification of leak classification procedures. CNG reviewed the process and modified procedure CP 750 Leak Identification. Leak forms were also modified to aid in providing consistent documentation.

Item 8 requires that CNG review pressure control layouts, designs and set points for all gate and district regulating stations. CNG was also required to consider measures to control debris which effect regulator operation. Each regulator station has been reviewed by CNG and station modifications have been applied. An icing evaluation was performed and set points were lowered at many stations. Strainers are required at all new stations and existing stations are being retrofitted if there has been a history of debris issues.

Staff would like to thank CNG's personnel for their cooperation and professionalism in addressing the terms of this Agreement. Specifically, staff would like to thank Mr. Steve Kessie and Ms. Tina Beach for their diligence in ensuring timely compliance with the terms of the agreement and their overall commitment to gas safety.

This letter reflects the opinions and conclusions of commission staff, and does not necessarily reflect the position or conclusions of the commission, should it be called upon to decide these issues in a future proceeding.

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If you have questions, please contact Joe Subsits at (360) 664-1322. Please refer to docket number PG-110443 in any future correspondence regarding this matter.

Thank you for your attention.

Sincerely,



David D. Lykken  
Pipeline Safety Director

cc: Steve Kessie, Manager-Operations Services, CNG