

CASCADE NATURAL GAS CORPORATION
GOVERNANCE, NOMINATING AND COMPENSATION
COMMITTEE OF
THE BOARD OF DIRECTORS

CHARTER

Organization

Cascade Natural Gas Corporation's Governance, Nominating and Compensation Committee of the Board of Directors is composed of directors appointed by the Board. All members of the Committee shall be independent of Company management and free of any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgment as committee members. Members of the Governance, Nominating and Compensation Committee may not receive from the Company any compensation other than Board-approved fees for service on the Board and its committees. The Board shall have the authority to remove members from the Committee.

Statement of Policy

The Governance, Nominating and Compensation Committee assists Cascade's Board of Directors in fulfilling its responsibility to shareholders, potential shareholders, and the investment community relating to oversight of corporate governance issues, executive and board succession, and executive and board compensation. The Committee may delegate specific responsibilities to appropriate subcommittees. The Board of Directors and the Committee are committed to ensuring the Corporation meets all applicable laws, rules, regulations and standards related to governance.

Responsibilities

The function of the Governance, Nominating and Compensation Committee is oversight with the following principal responsibilities and authority:

1. Develop and recommend to the Board a set of corporate governance guidelines and oversee corporate governance issues for the Board;
2. Review with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole, including members' qualification as independent as well as consideration of diversity, age, skills, and experience in the context of the make-up of the Board;
3. Identify and make recommendations to the Board on individuals qualified to serve as board members of the Corporation, consistent with criteria approved by the Board;
4. Recommend a slate of director nominees for consideration by

shareholders at the annual meeting;

5. Exercise sole authority for retaining and terminating firms to identify director candidates and approving such firm's fees and terms of engagement;
6. Review and recommend Director committee appointments;
7. Lead the Board in its annual review of the Board's performance;
8. Conduct an annual review of director compensation and recommend to the Board the form and amount of director compensation, taking into consideration, among other factors, compensation paid to directors on boards of reasonably comparable corporations, the time demands placed on board members, and the results of the self-assessments performed by the Board and its committees;
9. Assist the Board in discharging its responsibilities relating to compensation of the Company's executives, including the review and approval of corporate goals and objectives relevant to CEO compensation;
10. Make recommendations to the Board with respect to non-CEO compensation, incentive compensation plans, and equity-based plans;
11. Exercise sole authority for retaining and terminating firms to assist in evaluating director, CEO or senior executive compensation and approving such firm's fees and terms of engagement;
12. Produce an annual report on executive compensation for inclusion in the Company's proxy statement or annual report on Form 10-K filed with the SEC in accordance with applicable rules and regulations;
13. Make recommendations to the Board regarding senior management succession;
14. Have the authority to retain independent legal, accounting or other advisors. The Company will provide appropriate funding, as determined by the Governance, Nominating and Compensation Committee, for the engagement of such advisors.
15. Report matters discussed at each committee meeting to the Board of Directors and submit Governance, Nominating and Compensation Committee minutes for their review and approval;
16. Annually review this charter and recommend changes to the Board of Directors;

Initially Adopted December 2, 2003;
Revised Version Adopted September 13, 2005

17. Annually perform a self-assessment of the Governance, Nominating and Compensation Committee.

The Committee Chairman shall:

1. Coordinate an annual performance evaluation of the Board; B
2. Coordinate an annual performance evaluation of the Chief Executive Officer. B