

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	DOCKET NOS. UG-020230
)	UG-020232
Complainant,)	
)	
vs.)	MEMORANDUM ON BEHALF
)	OF COMMISSION STAFF
BASIN FROZEN FOODS, INC.)	EXPLAINING THE
)	SETTLEMENT AGREEMENT
Respondent.)	
.....)	

1 As permitted by paragraph 39 of the Settlement Agreement filed
November 25, 2002, in this docket, Commission Staff submits this memorandum
explaining the Agreement. The views expressed in this memorandum are those
of Commission Staff .

I. Background

2 Basin owns a natural gas pipeline approximately 3.8 miles long. Basin
uses the natural gas in its potato processing operation located south of Moses
Lake, near Warden, Washington.

3 The Settlement Agreement is not effective unless and until it is approved
by the Commission. (Agreement, ¶ 32). A date of December 12, 2002, has been
selected by the Commission for hearing on any proposed settlement in these
dockets. (See Agreement, ¶ 38 and December 2, 2002, Notice of Hearing).

II. Nature of the Settlement Agreement

4 The Settlement Agreement is intended to resolve all issues before the
Commission in the above dockets. These dockets were initiated to investigate
whether the natural gas pipeline owned by Basin was being operated in
accordance with Commission laws and rules.

5 A Staff investigation of Basin's pipeline resulted in a Violation Report
(which is Appendix 2 to the Agreement) in which numerous violations were
itemized by Staff. Ultimately, a Complaint was issued by the Commission, based
on the Violation Report, in which the Commission alleged numerous violations
of Commission laws and rules.

6 The Commission Staff entered into the Settlement Agreement because
Staff is satisfied that Basin's pipeline is now in compliance with Commission
laws and rules, that future compliance problems are likely to be minimized, and
that the sanction contained in the Settlement Agreement (§ 31) is reasonable
under the circumstances.

7 A primary reason why Basin can now show compliance is Basin's recent
contract with Cascade Natural Gas Company (Cascade), under which Cascade
has become the operator of Basin's pipeline. (Agreement, § 11 and Appendix A
to the Agreement). Accordingly, the operations manual, emergency plan, Anti-
Drug and Alcohol Misuse Prevention Plan, damage prevention plan, and

surveillance plan for the pipeline will be managed by Cascade. (Agreement, ¶¶ 14-18 and 22-28).

8 Staff has reviewed Cascade’s operations manual and other plans, as they apply to Basin’s pipeline. Staff concludes they are in compliance with Commission laws and rules. (Agreement, ¶ 15, 17, 22, 26).

9 Basin has also secured copies of its pipeline design specifications and as-built records, reflecting the current construction detail of the pipeline. These records are essential to determine the precise nature of the facilities in the ground. These records will be readily available to Staff in future compliance inspections.

10 As described in ¶ 29 of the Settlement Agreement, Basin has also resolved various miscellaneous issues. These include correctly placing warning signs on a bridge, replacing missing pipeline markers, establishing a public education plan, documenting the status of certain pressure regulators, and assuring that local emergency response personnel have appropriate information regarding the pipeline.

11 In sum, the Commission Staff is satisfied that Basin has resolved the compliance problems Staff itemized in its Violation Report. Staff is reasonably assured that future compliance problems will be minimized. In any event, future

violations of Commission laws and rules are not affected by this Settlement Agreement. (Agreement, ¶ 34).

12 Staff is also comfortable with the level of sanctions called for by the Settlement Agreement, ¶ 31. The total payment is forty thousand dollars (\$40,000.00), payable in 12 monthly installments, beginning March 1, 2003. The one-year payment period¹ was selected to account for Basin's current financial situation. The payment amount is in line with other results reached in similar Commission cases, taking into account the size of the pipeline and the range of compliance issues presented.

13 Accordingly, Staff believes the Settlement Agreement is consistent with the public interest. Staff recommends the Commission approve the Settlement Agreement as filed, with the referenced typographical error corrected.

RESPECTFULLY SUBMITTED this 3rd day of December, 2002.

CHRISTINE O. GREGOIRE
Attorney General

Donald T. Trotter
Senior Counsel
Attorneys for Commission Staff
Attorney General's Office
Utilities and Transportation Division

¹ The Settlement Agreement ¶ 31 contains a typographical error. The date of February 1, 2003, should be February 1, 2004, to describe the date by which final payment will be made. This error will be corrected by other correspondence to be filed with the Commission. We regret the error.