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October 5, 2004

Theodora M. Mace, Administrative Law Judge Washington Utilities and Transportation Commission 1300 South Evergreen Park Drive SW Olympia, WA 98504-7250

Docket No. UW-040366/UW-041181 - Marbello Water Company

Dear ALJ Mace:

The purpose of this letter is to inform you that Commission Staff and the Company have reached a settlement in principle. As a result, this letter is to request that the remainder of the schedule in this matter be held in abeyance while the settlement is reduced to writing and presented to the Commission for its consideration.

Commission Staff is preparing the draft of the settlement agreement. We will endeavor to get the settlement filed with you in the very near future.

RICHARD A. FINNIGAN

RAF/km

cc:

Dave Dorland Jon Thompson John Cupp