

October 22, 2004

Kevin Weber  
President  
Basin Frozen Foods, Inc.  
1203 Basin Avenue  
Warden, WA 98857

Re: Settlement Agreement in Docket No. UG-020230  
*Washington Utilities & Transportation Commission v. Basin Frozen Foods*

Dear Mr. Weber:

On March 20, 2003, Basin Frozen Foods signed a Settlement Agreement in Docket Nos. UG-020230 and 020232. Those dockets included a Complaint by the Commission against Basin Frozen Foods for violation of Commission rules regarding the safety of the gas pipeline owned by Basin. The minimum amount of penalty sought in that Complaint was \$110,000.

The Commission and Basin then engaged in good faith negotiation in an effort to resolve the issues raised by the Complaint. An agreed resolution was attained, and a Settlement Agreement was signed.

On May 14, 2003, the Commission issued an order approving the Settlement Agreement that Basin signed. In that Settlement Agreement, Basin agreed to pay a penalty of \$40,000, payable in monthly installments of \$3,333.33.

Basin has not made the payments it agreed to make. Commission records indicate a past due balance of \$13,333.35. The last payment Basin made was received on January 2, 2004. In other words, Basin has not kept its part of the bargain.

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Paragraph 31 of the Settlement Agreement signed by Basin, and approved by the Commission, addresses the issue of non-payment or untimely payment by Basin:

Final payment will be made on or before April 15, 2004. Payments shall be made by check sent to the Commission offices in Olympia, Washington. If Basin is untimely in its payments, or if full payment is not made by Basin by April 15, 2004, this Agreement will be terminated and the matter will be set for hearing. If the Agreement is terminated due to Basin's non-payment or untimely payment, Basin will be given a credit for the amount it paid as an offset for any monetary sanction the Commission may issue after hearing, but in no event would any sums paid by Basin be returned to Basin.

Suffice it to say, it is undisputed that Basin did *not* make full payment on or before April 15, 2004, and Basin has *not* been timely in its payments. Accordingly, the Commission Staff will file a motion to terminate the Agreement and set the matter of the Complaint for hearing, unless Basin pays the amount due and owing by November 1, 2004.

Please respond by return mail.

Very truly yours,

CAROLE J. WASHBURN  
Secretary

CJW:DTT:kl