



Ernie Fletcher
Governor

Teresa J. Hill, Secretary
Environmental and Public
Protection Cabinet

Timothy J. LeDonne
Commissioner
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Commonwealth of Kentucky
Public Service Commission
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Mark David Goss
Chairman

John W. Clay
Commissioner

April 25, 2007

Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Re: Settlement Agreement
Case No. 2007-00043

Dear Ms. O'Donnell:

Enclosed for filing is the original settlement agreement entered into by Elam Utility Company and Commission Staff for the Commission's consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Goff".

J. R. Goff
Attorney

Enclosure

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 25 2007

PUBLIC SERVICE
COMMISSION

In the Matter of:

ELAM UTILITY COMPANY, INC.)
AND WILMA B. ISON INDIVIDUALLY)
AND AS AN OFFICER OF)
ELAM UTILITY COMPANY, INC)
_____)

CASE NO. 2007-00043

ALLEGED VIOLATIONS OF)
THE COMMISSION'S ORDER)

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered into this 25th day of April, 2007, by and between the STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY ("Commission Staff") and ELAM UTILITY COMPANY, INC. ("Elam") and Wilma B. Ison, individually and as an officer of Elam.

WITNESSETH:

WHEREAS Elam operates a natural gas distribution system in Morgan and Wolfe counties, Kentucky, and is subject to Commission jurisdiction pursuant to KRS 278.040; and

WHEREAS Elam's only corporate officer is Wilma B. Ison, President;

WHEREAS Elam, in Case No. 2006-00080, agreed to pay by September 30, 2006, the total suspended civil penalty of \$7,500 which was assessed against it. Wilma Ison, personally and as President of Elam, agreed to pay by December 30, 2006 the balance of the suspended civil penalty of \$5,500 that had been assessed against her. It was further agreed that, as part of the settlement, Elam would continue to file with the

Commission its general ledger and bank statements on or before the 30th of each month for two years from the Order date of July 6, 2006;

WHEREAS, on February 15, 2007, an Order was issued in this case to Elam and Wilma B. Ison, individually and as an officer of Elam, requiring each of them to show cause why each should not be assessed penalties pursuant to KRS 278.990 for willful violations of the Commission's Order dated July 6, 2006;

WHEREAS an informal conference was held on March 22, 2007 between the parties and Commission Staff for the purpose of discussing the issues and of entering into a Settlement Agreement through compromise to settle the proceeding herein;

WHEREAS the suspended penalty assessed against Elam was paid on October 19, 2006, and the suspended penalty assessed against Wilma B. Ison was paid on February 21, 2007;

WHEREAS, at an informal conference on March 22, 2007, Elam and Wilma B. Ison stated that Elam had failed to timely file the general ledger and bank statements and that Wilma B. Ison had failed to make timely payments of the assessed penalties; and

WHEREAS, during the conference, Elam filed a general ledger and bank statements showing activity from September 2006 through February 2007;

NOW, THEREFORE, Elam, Wilma B. Ison, and Commission Staff agree that:

1. Elam acknowledged that it is in violation of the Commission Order of July 6, 2006. Elam agrees to be assessed a civil penalty of \$2,500, with \$1,250 to be paid within thirty days after the date of an Order of the Commission approving this settlement. The balance of \$1,250 is to be suspended until July 6, 2008 with the provision that if no further violations occur, the \$1,250 suspended penalty is to be forgiven.

2. Wilma Ison, as President of Elam, acknowledged that she is in violation of the Commission Order of July 6, 2006. Wilma Ison agrees to be assessed a civil penalty of \$5,000, with \$2,500 to be payable three months after the date of an Order of the Commission approving this settlement. The \$2,500 balance of the civil penalty is to be suspended until July 6, 2008, at which time, if no further violations have occurred, the balance will be forgiven.

3. Elam and Wilma B. Ison each waive a formal hearing of all matters in this case.

4. Elam and Wilma B. Ison both agree to timely file Elam's Gas Cost Adjustment ("GCA") as set out in its tariff. However, if Elam experiences difficulties, it will contact Commission Staff for assistance and direction prior to the due date of the GCA.

5. Elam and Wilma B. Ison both agree that Elam will continue to file with the Commission a copy of its general ledger and bank statements on or before the 30th of each month through July 6, 2008.

6. This Agreement is subject to the acceptance of and approval by the Public Service Commission.

7. If the Public Service Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward, and neither the terms of this Settlement Agreement nor any matters raised during settlement negotiations shall be binding on or be construed against Wilma B. Ison or Elam or Commission Staff.

8. Commission Staff shall recommend to the Public Service Commission that this Settlement Agreement be accepted and approved.

IN WITNESS WHEREOF, Elam, Wilma B. Ison, and Commission Staff have executed this Settlement Agreement on the date first above written.

STAFF OF THE PUBLIC SERVICE
COMMISSION OF KENTUCKY

BY: 
James R. Goff, Staff Attorney

WILMA B. ISON AND
ELAM UTILITY COMPANY, INC.


Wilma B. Ison, Individually and as President of
Elam Utility Company, Inc.