

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE	)	
TRANSFER OF STEPP BRANCH	)	CASE NO. 2000-489
GAS COMPANY AND ALLEGED	)	
VIOLATIONS OF KRS 278.020	)	

O R D E R

Stepp Branch Gas Company (“Stepp Branch”), a Kentucky corporation that owns and operates facilities used in the distribution, sale, and furnishing of natural gas to the public for compensation in Martin County, Kentucky, is a utility subject to Commission jurisdiction. KRS 278.010(3)(b) and KRS 278.040.

KRS 278.020(4) provides that “[n]o person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission by sale of assets, transfer of stock, or otherwise, or abandon the same, without prior approval by the commission.”

On December 13, 2000, the Commission conducted a formal hearing pursuant to the notice contained in the Commission’s Order of November 16, 2000.

The Commission makes the following findings:

1. On or about March 31, 1998, James G. Sluss filed with the Commission on behalf of Stepp Branch a verified annual report of the utility’s operations for calendar year 1997, as required by Administrative Regulation 807 KAR 5:006, Section 3(1). The report indicated that Mr. Sluss was Stepp Branch’s sole shareholder.

2. On or about April 1, 1999, Michael Davis filed with the Commission on behalf of Stepp Branch a verified annual report of the utility's operations for calendar year 1998, as required by Administrative Regulation 807 KAR 5:006, Section 3(1). The report indicated that Mr. Davis and Lisa M. Davis were Stepp Branch's sole shareholders.

3. No application for the transfer of control or ownership of Stepp Branch from Mr. Sluss to Mr. Davis and Ms. Davis has been filed with the Commission.

4. James G. Sluss is properly before the Commission by service via certified mail on November 21, 2000. Mr. Sluss did not file a response to the allegations of a violation of KRS 278.020(4) as directed in the show cause Order.

5. Mr. Sluss transferred Stepp Branch without prior approval of the Commission in violation of KRS 278.020(4).

IT IS THEREFORE ORDERED that:

1. The failure of James G. Sluss to obtain prior Commission approval of the transfer of Stepp Branch to Michael Davis and Lisa Davis is a willful violation of KRS 278.020(4).

2. James G. Sluss is assessed a civil penalty, pursuant to KRS 278.990(1), in the amount of \$2,500 for the willful violation of KRS 278.020(4).

3. Within 10 days of the date of this Order, James G. Sluss shall pay to the Commonwealth of Kentucky the sum of \$2,500 in the form of a cashier's check payable to "Kentucky State Treasurer," and shall deliver or mail such check to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.

Done at Frankfort, Kentucky, this 11<sup>th</sup> day of January, 2001.

By the Commission

ATTEST:

  
Executive Director