

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF MIKE LITTLE)
GAS COMPANY, INC., MIKI THOMPSON,)
WINNIE GREER, AND DANIEL GREER,)
INDIVIDUALLY AND AS OFFICERS OF) CASE NO. 2007-00107
THE UTILITY, FOR ALLEGED VIOLATIONS)
OF COMMISSION ORDERS AND SAFETY)
VIOLATIONS PURSUANT TO KRS 278.990)
AND KRS 278.992)

O R D E R

Mike Little Gas Company, Inc. ("Mike Little") is a local gas distribution company subject to the jurisdiction of the Commission, pursuant to KRS 278.040. Mike Little is subject to the safety jurisdiction of the Commission, pursuant to KRS 278.040 and KRS 278.495(2). Mike Little is also subject to Commission jurisdiction under the authority of and in compliance with federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations of 49 CFR 189-199, pursuant to KRS 278.992(1).

Commission Staff has submitted to the Commission a Utility Inspection Report, dated January 2, 2007, alleging the following pipeline safety violations:

1. Exposed plastic pipe in various locations throughout the system. 49 CFR Part 192.321.
2. Annual cathodic protection inspections have not been conducted. 49 CFR Part 192.465.
3. Mike Little has not developed or implemented a written continuing public education program (Public Awareness Program). 49 CFR Part 192.616(b).

4. Periodic gas sampling using an instrument had not been conducted. 49 CFR Part 192.625(f).

5. Patrolling of mains has not been performed. 49 CFR Part 192.721.

6. Periodic leakage surveys have not been conducted. 49 CFR Part 192.723.

7. Annual inspections on the pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment (Purchasing Point) have not been performed. 49 CFR Part 192.739.

8. Annual valve inspections have not been performed. 49 CFR Part 192.747.

9. No provision to ensure individuals performing covered tasks on the system have been evaluated for qualification. 49 CFR Part 192.805(b).

In conjunction with the above alleged violations of pipeline safety regulations the inspection report indicates that Mike Little has not replaced sections of steel pipe as required by prior Commission Orders. In Case No. 1999-00267,¹ the Commission granted Mike Little an extension of time until October 1, 2005 to replace certain steel pipe. In Case No. 2004-00140,² Mike Little based part of its application for financing upon the prior requirement for replacing sections of steel pipe. The Order approving the financing required that the proceeds of the approved loan be used only for the "lawful purposes set out in the application."

¹ Case No. 1999-00267, Miki Thompson and Winnie Greer d/b/a Mike Little Gas Company, Inc., Investigation Into Alleged Violations (Order dated June 25, 2004).

² Case No. 2004-00140, Application of Mike Little Gas Company, Inc., For Approval of Long-Term Financing (Order dated June 4, 2004).

Based on its review of the Utility Inspection Report and prior Orders and being otherwise sufficiently advised, the Commission finds *prima facie* evidence that Mike Little has failed to comply with 49 CFR 189-199 and Commission Orders as follows:

1. The Order of the Commission dated June 25, 2004 in Case No. 1999-00267 is a final Order from which all rights of appeal have been exhausted.

2. The Order of the Commission dated June 4, 2004 in Case No. 2004-00140 is a final Order from which all rights of appeal have been exhausted.

3. The Annual Report for Corporations, dated January 23, 2007, as filed on behalf of Mike Little with the Kentucky Secretary of State, lists Miki Thompson as President; Daniel Greer as Vice President, and Winnie Greer as Treasurer.

4. A *prima facie* showing has been made that Mike Little has violated 49 CFR Parts 192.321, 192.465, 192.616(b), 192.625(f), 192.721, 192.723, 192.739, 192.747, and 192.805(b).

5. A *prima facie* showing has been made that Mike Little has violated the Commission's Orders of June 25, 2004 and June 4, 2004 by failure to replace sections of its steel pipe.

6. A *prima facie* showing has been made that Miki Thompson as President, Daniel Greer as Vice President, and Winnie Greer as Treasurer have aided and abetted Mike Little in its violations of the Commission's Orders, and the alleged violations of pipeline safety regulations as listed herein.

The Commission, on its own motion, HEREBY ORDERS that:

1. Mike Little, Miki Thompson as President, Daniel Greer as Vice President, and Winnie Greer as Treasurer shall appear before the Commission on May 9, 2007 at

10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky for the purpose of:

a. Presenting evidence concerning their alleged violation of 49 U.S.C. § 60101, *et seq.*, and the regulations of 49 CFR 189-199 as enumerated herein;

b. Presenting evidence concerning their alleged failure to comply with the Commission's Order dated June 25, 2004 in Case No. 1999-00267, and Commission Order dated June 4, 2004 in Case No. 2004-00067; and

c. Showing cause why Mike Little, Miki Thompson as President, Daniel Greer as Vice President, and Winnie Greer as Treasurer, jointly and severally, should not be subject to the penalties prescribed in KRS 278.990(1) and KRS 278.992(1).

2. The Utility Inspection Report dated January 2, 2007, a copy of which is appended hereto as Appendix A, is made part of the record of this proceeding.

3. The Commission does not favor motions for continuance and will grant them only when such a motion is made in writing and states compelling reasons for granting the motion.

4. Corporate entities are advised that under Kentucky law a corporation, its employees, and representatives, who are not licensed to practice law in Kentucky, are not permitted to make objections, examine, or cross-examine witnesses in administrative hearings.³

³ Turner v. Kentucky Bar Ass'n., Ky., 980 S.W.2d 560 (1998), and Practice Before the Commission by Attorneys Non-Licensed in the Commonwealth of Kentucky, Admin. Case No. 249, Order dated June 15, 1981.

5. Within 20 days of the date of this Order, Mike Little, Miki Thompson as President, Daniel Greer as Vice President, and Winnie Greer as Treasurer each shall file a written response to the Commission concerning the allegations contained herein.

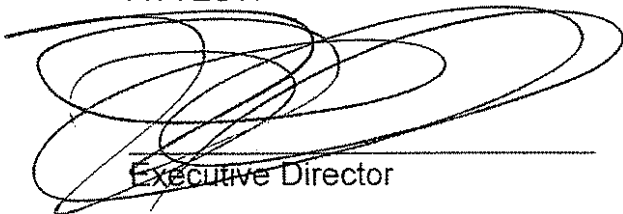
6. Any motion requesting an informal conference with Commission Staff to consider any matter that would aid in the handling or disposition of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

7. Pursuant to KRS 278.360, the official record of the hearing shall be kept by videotape only, unless a party files a motion prior to the hearing requesting a stenographic transcript.

Done at Frankfort, Kentucky, this 27th day of March, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00107 DATED MARCH 27, 2007.

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

UTILITY INSPECTION REPORT

Report Date: 1/2/2007

Report Number: Mike Little Gas Company 122006

BRIEF

Inspector: Melissa Holbrook
Inspection Date: 12/20/2006
Type of Inspection: Periodic Regulatory Compliance Inspection

Type of Facility: Gas Distribution Company
Name of Utility: Mike Little Gas Company, Inc.
Location of Facility: Melvin, KY
Purpose of Inspection: Periodic inspection of utility facilities and management practices to verify compliance with federal and state pipeline safety regulations.

Applicable Regulations 49 CFR Part 192 and 807 KAR 5:022

INSPECTION

Description of Utility: Small natural gas distribution company operating in numerous areas in Eastern Kentucky.
Number of Customers: 616
Area of Operation: Floyd County
Supply Source: Equitable Productions
Distribution Description: The system consists of plastic and steel mains & services. Operating at low to medium gas pressure.
Workforce Summary: 1-Office Clerk
Utility Reps in Insp: Virginia Morgan - Office Clerk & Gary Thompson-Owner
Date of Last Inspection: 5/2/2002
DTR from Last Insp: 1
DTRs not Cleared: 1

Summary of items and facilities inspected:

The Operating and Maintenance, Emergency, Damage Prevention, Operator Qualification, and Drug and Alcohol Plans were reviewed during the office visit. Also inspected, were records pertaining to leakage surveys and repairs, valve maintenance, patrolling, regulator and relief valves inspections, and odorant verification tests. During the field portion of the inspection, checks on mainline valve locations, purchase stations, residential and commercial meter settings and pipeline markers were conducted.

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

UTILITY INSPECTION REPORT

Report Date: 1/2/2007

Report Number: Mike Little Gas Company 122006

FINDINGS

- 1 Leakage surveys had not been conducted, a violation of 49 CFR Part 192.723.
- 2 Mike Little Gas has no written Public Awareness Program, a violation of 49 CFR Part 192.616(b).
- 3 Patrolling had not been performed, a violation of 49 CFR Part 192.721.
- 4 Individuals performing covered tasks on the pipeline have not been evaluated for qualification, a violation of 49 CFR Part 192.805(b).
- 5 Periodic gas sampling using an instrument had not been conducted, a violation of 49 CFR Part 192.625(f).
- 6 Annual valve inspections had not been performed, a violation of 49 CFR Part 192.747.
- 7 Annual inspections on the purchase stations had not been performed, a violation of 49 CFR Part 192.739.
- 8 Annual cathodic protection inspections had not been conducted, a violation of 49 CFR Part 192.465.
- 9 Exposed plastic pipe was noted in various locations throughout the system, a violation of 49 CFR Part 192.321.

RECOMMENDATIONS

Mike Little Gas Company needs to take the appropriate actions to correct the deficiencies.

ADDITIONAL INSPECTOR COMMENTS

As per the order Case No. 99-267 Mike Little Gas Company was ordered to replace a section of steel pipe by October 1, 2005. The inspection found that Mike Little Gas Company has not replaced the steel line. During the inspection, exposed plastic pipe was noted throughout the system, the operator was instructed to take immediate action to correct this problem. Nine deficiencies were found during this inspection. During the previous inspection one deficiency was found and was not corrected by the operator.

Submitted by



Melissa Holbrook

Utility Regulatory and Safety Investigator I