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August 22, 2006

Mr. C. Kent Hatfield
Mr. W. Duncan Crosby III
Stoll, Keenon, Ogden PLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202

Re: Case No. 2006-00165
Johnson County Gas Company, Inc.

Dear Messrs. Hatfield and Crosby:

Enclosed please find a memorandum that has been filed into the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding this memorandum should be directed to Anita Mitchell of the Commission Staff at 502-564-3940.

Sincerely,

Beth O'Donnell
Executive Director

Enclosure
cc: Parties of Record

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File - Case No. 2006-00165
FROM: Anita Mitchell, Team Leader
DATE: August 22, 2006
SUBJECT: August 4, 2006 Informal Conference

Pursuant to the Commission's Order of July 14, 2006, an informal conference was held in this proceeding on August 4, 2006. Attached to this memorandum is a list of the participants. The purpose of the conference was to discuss the allegations raised in the Commission's Show Cause Order of June 16, 2006 and to identify what, if any, issues could be stipulated.

Mr. Kent Hatfield, counsel for Johnson County Gas and Bud Rife, began the discussions by describing the financial condition of the utility and explaining the steps that Mr. Rife has taken on behalf of Johnson County Gas since the initiation of this proceeding. Mr. Hatfield made a proposal to Commission Staff regarding the issues raised in the show cause order. After a thorough discussion of the proposal, Commission Staff requested a break in the conference to allow it to consider the proposal. Upon returning to the conference, Commission Staff informed the participants that it would not agree to the proposal. Additional discussions concerning the proposal ensued, but the participants were unable to reach resolution and the conference was adjourned.

Attachment

