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Mark David Goss
Chairman

John W. Clay
Commissioner

May 4, 2007

PARTIES OF RECORD

Re: Case No. 2007-00107

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact James R. Goff at 502/564-3940, Extension 261.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: J. R. Goff
Staff Attorney

DATE: May 4, 2007

RE: Case No. 2007-00107
An Investigation of Mike Little Gas Company, Inc., Miki Thompson, Winnie Greer, and Daniel Greer

On May 1, 2007, an informal conference was held with Commission Staff and the parties in this matter. Those in attendance are shown on the attached sign-in sheet.

After discussing the procedure of the informal conference, the President of Mike Little Gas Company, Inc. ("Mike Little"), Miki Thompson, and an attorney stated that Mike Little was still waiting to be acquired by Frontier Gas, LLC ("Frontier"), but that problems with financing for the purchase and transfers of debt obligations had delayed the transfer approved by the Commission. Ms. Thompson indicated that in the agreement, Frontier was to take care of all the problems and maintain the system. She indicated that, since the sale was still pending, she had notified Frontier of the alleged violations and that a representative of Frontier, Mr. Larry Rich, was examining the system to help correct the problems. Ms. Thompson indicated that her daughter, Kara Thompson, was undergoing training by Mr. Rich to qualify as a certified operator. However, at the present time Mike Little does not have a certified qualified operator for its system.

It was determined that once a certified operator is in place at the Mike Little system, the problems associated with violations 2 through 8 could be readily corrected. Ms. Thompson also stated that the exposed plastic pipe, as contained in violation 1, was in the process of being buried.

As to the steel pipe replacement, Ms. Thompson stated that she inquired of the Commission and was told to wait and let Frontier take care of it, since the transfer case was approved. She stated the funds for the replacement are deposited in a bank for use on the system. There also was a brief discussion of the financial situation of Mike Little and its lack of revenue and problems with employees or suitable help.

Winnie Greer stated that her husband, Daniel Greer, listed as Vice President, had not held any position with the corporation since 1995 and asked that he be

dismissed from the case. After discussion of what remedial actions were necessary and how and where to obtain information about pipeline safety and the reporting and form of required plans, the parties discussed penalties. Mike Little stated that it would agree to correct all the violations but did not think a civil penalty should be assessed, due to the financial condition of the utility.

Commission Staff stated to Mike Little that the violations of the most immediate concern were the exposed plastic pipe; the failure to have a Public Awareness Program; the failure of a leak and gas sampling odor survey; and failure to have a qualified operator for Mike Little. Commission Staff proposed that Mike Little and officers be assessed a civil penalty under KRS 278.992 of \$100,000. Staff further proposed that, of that penalty, Mike Little would pay \$5,000 within 10 days from the date of an Order approving an settlement and that the balance of the penalty, \$95,000, would be suspended upon the condition that Mike Little complete the following within 30 days from the date of an Order approving the settlement: (1) bury all exposed plastic pipeline in the Mike Little system; (2) have a certified operator for the Mike Little system; (3) perform a leak survey and periodic gas sampling; and (4) develop a Public Awareness Program. If these four items are not complied with, within the 30 days, the suspended \$95,000 will become due and payable.

Commission Staff proposed that Mike Little be assessed a civil penalty of \$5,000 for the violation of the Commission Orders as to the pipe replacement. Commission Staff further proposed to suspend the penalty until October 1, 2007, by which time Mike Little is to have completed the replacement of the steel pipe as contained in the "Compliance Schedule" and the Order dated June 25, 2004 in Case No. 1999-00267.

Commission Staff also agreed to recommend that Daniel Greer be dismissed from this case.

Mike Little tentatively agreed to the above, and Commission Staff is to prepare a settlement agreement and send it to Mike Little for its approval and signature.

In Re:

AN INVESTIGATION OF MIKE LITTLE)
GAS COMPANY, INC., MIKI THOMPSON,)
WINNIE GREER, AND DANIEL GREER,)
INDIVIDUALLY AND AS OFFICERS OF)
THE UTILITY, FOR ALLEGED VIOLATIONS)
OF COMMISSION ORDERS AND SAFETY)
VIOLATIONS PURSUANT TO KRS 278.990)
AND KRS 278.992)

CASE NO. 2007-00107

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May 1, 2007 Informal Conference

Please sign in:

NAME	REPRESENTING
Miki Thompson	Mike Little Gas Co, Inc
Winnie Greer	"
J. R. Goff	PSC STAFF
Melissa Holbrook	PSC
Bill Aitken	PSC