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Vice Chairman

January 25, 2013

PARTIES OF RECORD

Re: Case No. 2012-00028

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 Staff Attorney Virginia Gregg at 502-782-2584.

Sincerely,




Jeff DeLoe
Executive Director

VG/kar
Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Virginia Gregg, Staff Attorney 

DATE: January 25, 2013

SUBJECT: Informal Conference
Case No. 2012-00028

APPLICATION OF KENTUCKY FRONTIER GAS, LLC AS
BANKRUPTCY OPERATOR OF B.T.U. GAS COMPANY, INC.
V. HARRY THOMPSON, THOMPSON ENERGY, ET AL., AND
OTHER UNKNOWN ENTITIES

On January 22, 2013, representatives of Kentucky Frontier Gas, LLC ("Frontier") and Harry Thompson, Thompson Energy, et al. ("Thompson") participated with Commission Staff ("Staff") in an informal telephonic conference regarding the above-styled case. The following participated in the informal conference: Jack Hughes, Steve Shute and Bob Oxford on behalf of Frontier; Adrian Mendiondo and Harry Thompson on behalf of Thompson; and Virginia Gregg, Jason Brangers, Bill Aiken, Melissa Holbrook, and Leah Faulkner on behalf of Commission Staff.

The purpose of the informal conference was to review issues involving the pending case and the status of negotiations between the parties. Both Frontier and Thompson represented that the parties had reached agreement to settle the matter and that an executed settlement agreement would be submitted to the Commission within a few days.

According to the parties, Thompson will be in possession of the Oakley and Hendricks pipelines and Frontier will have the option to purchase gas from those lines. Frontier will begin serving approximately 39 customers that Thompson has been providing gas to and who are located on what is commonly known as the Oakley pipeline in Magoffin County, Kentucky. These customers will be served as distribution customers of B.T.U. Gas Company, Inc. Frontier stated that if the supply of gas from Thompson's wells is inadequate, it will be able to serve the customers from a different source. Thompson stated that he is not providing gas to other customers in Kentucky and that he does not intend to do so in the future.

Thereafter, the conference adjourned.