

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

POLLITT ENTERPRISES, INC.,)	
WHITNEY CLARK POLLITT, INDIVIDUALLY,)	
AMANDA DEEANN POLLITT, INDIVIDUALLY,)	
AND)	CASE NO.
BASIL C. POLLITT, INDIVIDUALLY,)	2017-00120
D/B/A THE GAS GROUP, INC.)	
A/K/A THE GAS GROUP)	
_____)	
ALLEGED VIOLATIONS OF)	
KRS 278.020, KRS 278.160, KRS 278.140,)	
AND 807 KAR 5:006, SECTION 4(2))	

ORDER

At the August 9, 2017 hearing in this proceeding, counsel for Defendants, Pollitt Enterprises, Inc. ("Pollitt Enterprises"), Whitney Clark Pollitt, Individually ("Clark Pollitt"), Amanda Deeann Pollitt, Individually ("Amanda Pollitt"), and Basil C. Pollitt, Individually ("Basil Pollitt"), d/b/a The Gas Group, Inc. a/k/a The Gas Group ("The Gas Group") (collectively, "Pollitts"), verbally requested that the Commission clarify the issues to be determined in this investigation. As a basis for this request, counsel for Defendants indicated that he wanted written guidance regarding the issues to be determined by the Commission in order to ensure that he addressed all issues in the post-hearing brief the parties will file in this proceeding. From the bench, the Commission granted the request and provided for filing a clarification of the issues on or before August 18, 2017.

In initiating this proceeding by Order entered March 15, 2017, the Commission identified alleged violations of KRS 278.020(1), KRS 278.020(6), KRS 278.020(7), KRS

278.160, KRS 278.140, and 807 KAR 5:006, Section 4(2), between September 2006 and the current date as the subject of this investigation. An additional issue arose during this proceeding: whether the natural gas system that is the subject of this proceeding ("Pollitt System") is a gathering line with farm taps or whether the Pollitt System is a distribution pipeline. Because the scope of the Commission's jurisdiction differs between a farm tap pipeline and a distribution pipeline, the Commission must make a determination regarding the classification of the Pollitt System.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the following issues have been presented in this proceeding:

1. Alleged violation of KRS 278.020(1). The issue presented by this alleged violation is whether, after September 2006, Pollitt Enterprises provided utility service, as enumerated in KRS 278.010, to or for the public for compensation without first obtaining a certificate of public convenience and necessity to operate from the Commission.

2. Alleged violation of KRS 278.020(6). The issue presented by this alleged violation is whether, by "sale of assets, transfer of stock, or otherwise," the Defendants, individually or collectively, transferred or acquired ownership, control, or the right to control the Pollitt System after September 2006 without prior approval by the Commission.

3. Alleged violation of KRS 278.020(7). The issue presented by this alleged violation is whether the Defendants, individually or collectively, acquired direct or indirect control of the Pollitt System after September 2006 without prior approval by the Commission. As used in KRS 278.020(7), control refers to direct or indirect power over the management and policies of a utility by ownership of voting securities, by effecting a change in the membership of the board of directors, by contract, or otherwise.

4. Alleged violation of KRS 278.160. The issue presented by this alleged violation is whether the Defendants, individually or collectively, filed with the Commission a schedule showing all rates collected and conditions for service enforced after September 2006.

5. Alleged violation of KRS 278.140. The issue presented by this alleged violation is whether the Defendants, individually or collectively, filed annually with the Commission an annual report of gross earnings from intrastate business after September 2006.

6. Alleged violation of 807 KAR 5:006, Section 4(2). The issue presented by this alleged violation is whether the Defendants, individually or collectively, filed annually with the Commission an annual financial and statistical reports after September 2006.

7. An issue that was not identified as an alleged violation in the March 15, 2017 Order, but, was raised and investigated at the August 9, 2017 hearing, was the need to determine the classification of the Pollitt System as a gathering line with farm taps or a distribution pipeline. The pipeline classification must be determined in order to establish the scope of Commission authority and regulatory oversight for the Pollitt System.

8. The PSC's jurisdiction over Clark Pollitt and Amanda Pollitt. On August 9, 2017, Clark Pollitt and Amanda Pollitt filed a motion requesting that they be dismissed from this proceeding on the basis of the Commission's alleged lack of personal and subject matter jurisdiction. This issue was investigated at the August 9, 2017 hearing, and the Commission passed the motion on the merits.

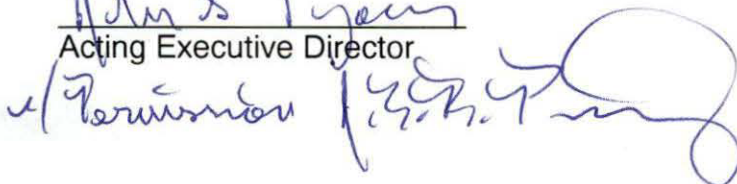
IT IS HEREBY ORDERED that the issues described in Finding Nos. 1-8 above are the primary issues presented in this proceeding.

By the Commission

ENTERED
AUG 16 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Acting Executive Director



Case No. 2017-00120

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