CASE NUMBER:
99-267
September 28, 2004

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Re: Pipe Replacement

Dear Ms. O'Connell:

You have granted us one extension on our pipe replacement on Rt. 122, which expires September 30, 2004. On September 2, 2004, our office was demolished by an automobile, photos of the damage are enclosed. Obviously, we have been operating under a hardship since that time and have not been able to do any work from the office. The carpenters have told us that it will still be a while before we can move back in.

We applied for a permit with DOT to do the pipe replacement on the same right of way we are presently using. They came out to inspect this right of way and refused to allow us to replace the pipe due to lack of space between the highway and the embankment. This leaves us the problem of securing a new right of way over private property to reroute that section of pipeline.

Based on the above we are requesting another extension for completion of this project. We appreciate your assistance and cooperation in this matter.

Sincerely,

Miki Thompson  
President

cc: Jenny Gibson
October 14, 2004

Ms. Miki Thompson, President
Mike Little Gas Co., Inc.
P.O. Box 69
Melvin, KY 41650

Re: Case No. 1999-00267

Dear Ms. Thompson:

This is in response to your letter of September 28, in which you requested an extension for completion of the pipe replacement for Mike Little Gas Company. Please be advised that the Order of June 25, 2004, which I have attached herein, extends the completion project for the replacement to October 1, 2005. Therefore, you have approximately another year in which to complete the project. If you require additional time past October 1, 2005, please file that motion with the Commission and be sure to include the case number in any filing.

Sincerely,

James R. Goff
Staff Attorney
RE: Case No. 1999-00267

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Beth O'Donnell  
Executive Director
This is the Service List for Case 1999-00267
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

INVESTIGATION INTO ALLEGED VIOLATIONS OF 807 KAR 5:022, SECTIONS 10(8); 10(9); 13(17)g; 14(12); 14(13); 14(21); 14(21)b; 14(23); AND 14(25) AND 49 CFR 192.463; 192.465; 192.625(f); 192.721; 192.723; 192.739; 192.743; AND 192.747

ORDER

On May 24, 2004, Mike Little Gas Company, Inc. ("Mike Little") requested an additional extension of time to finish steel pipe replacement. In support of its request, Mike Little states that financial problems have prevented it from completing the required replacement of 5,870 feet of steel pipe and that it is attempting to secure additional financing to complete the replacement.

After considering the motion, the Commission finds that, although Mike Little has already been granted adequate time to complete the line replacement, the utility's financial difficulties have prevented the completion of the project. We further find that, as Mike Little has obtained Commission approval of the financing necessary to complete the line replacement,¹ a final extension of time should be granted.

¹ Case No. 2004-00140, Application of Mike Little Gas Company, Inc. for Approval of Long-Term Financing through the Department for Local Government (Ky. PSC June 4, 2004).
IT IS THEREFORE ORDERED that:

1. Mike Little's request for an extension of time is granted.

2. Ordering Paragraph 2 of the Commission's Order of August 25, 2003 is amended to permit Mike Little until October 1, 2005 to replace the remaining steel pipe in its system.

Done at Frankfort, Kentucky, this 25th day of June, 2004.

By the Commission

Case No. 1999-00267

ATTEST:

Executive Director
May 19, 2004

Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Case No. 1999-00267
Violations of Administrative Regulations Compliance Schedules

Dear Sir:

In the above order dated August 25, 2003, we were given an extension to June 1, 2004 to finish our steel pipe replacement. Since the entry of that order, we have had financial problems and have been working with your financial staff to apply for a loan through the Department for local government to pay off debts and pay for the pipe replacement.

Again, we are requesting an extension for this replacement to allow us to get the loan for this project.

Sincerely,

Miki Thompson
President

cc: Chris Whelan
Division of Financial Analysis
RE: Case No. 1999-00267

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Thomas M. Dorman
Executive Director
This is the Service List for Case 1999-00267
This matter was reopened by the Commission on October 22, 2002 to determine whether Mike Little Gas Company, Inc. ("Mike Little") was in compliance with the Commission's Order of August 4, 2000. On December 9, 2002, Mike Little filed with the Commission a Compliance Schedule that was negotiated between Commission Staff and Mike Little in an informal conference on November 7, 2002. As part of that Compliance Schedule, Mike Little agreed to replace 5,870 feet of steel pipe on or before October 1, 2003.

On July 14, 2003, Mike Little requested an extension of time for the required replacement citing weather-related delays and damages to its system. On August 6, 2003, Commission Staff investigated the Mike Little system to determine if the replacement was being done in a timely fashion. Staff found that there remains approximately 2,500 feet of pipe to be replaced. Staff found that Mike Little is using its own employees and equipment to make the replacement. While less expensive, this
method has taken longer than if done by a contractor and that, due to flooding in the area and bad weather during the spring, the project has been delayed. Staff recommended that due to these factors, an extension of time be given through June 1, 2004 to complete the project.

The Commission, being sufficiently advised, HEREBY ORDERS that:

1. The motion of Mike Little for an extension of time to comply with the Compliance Schedule is granted.

2. Mike Little shall have until June 1, 2004 in which to replace the remaining 2,500 of steel pipe in the Bypro and Abner Mountain section of its system.

Done at Frankfort, Kentucky, this 25th day of August, 2003.

By the Commission

ATTEST:

[Signature]
Executive Director

Case No. 1999-00267
TO: J. R. Goff  
Staff Attorney  
Division of General Counsel

THRU: Eddie B. Smith  
Manager, Gas Branch  
Division of Engineering

FROM: Earl H. Alderman, Jr.  
Gas Utility Investigator

DATE: August 15, 2003

SUBJECT: Case No. 1999-00267 - Request for Time Extension  
Mike Little Gas Company, Inc. ("Mike Little")

On August 6, 2003, I visited with Virginia Gibson and Greg Howell at Mike Little's office in Melvin, Kentucky. The purpose of this meeting was to determine if the replacement of the bare steel sections of the system, ordered by the Commission was being done in a timely fashion. The Commission Order had established a completion date of October 1, 2003.

Mike Little is using its own employees to replace the bare steel pipe with plastic pipe. This has caused the replacement to take longer than a contractor would have taken, but has also been less expensive. Of the approximately 5,800 feet of pipe ordered to be replaced, 2,500 feet still remains to be replaced. The sections replaced this year are on Abner Creek (1,960 feet) and at Weeksbury (400 feet).

Mike Little's employees are still working to get all of the bare steel replaced by the October 1, 2003 deadline. However, flooding and bad weather during the spring, has delayed the project. Since the work is behind schedule, Mike Little has requested an extension of time for the completion of the ordered replacement project. I recommend that Mike Little be granted an extension of time until June 1, 2004 to complete the ordered pipeline replacement.

EHA:dp
0204501

cc: Parties of Record
Dear Sir:

CASE NUMBER - 1999-00267.

Violations of Administrative Regulations Compliance Schedule

We are pleading for an extension of time in the above case. Our deadline is October 1, 2003, weather being as it was through June 17th, we don't think we'll be able to meet that deadline. Floyd County was declared a disaster area as a result of the flooding on June 17th. We only received damage in the Melvin, Weeksbury, and Bevinsville areas which resulted in two mudslides, a creek crossing torn out, and several places where gas lines have been uncovered near guardrails that were washed out. We will be working with the state and county road departments in a joint effort to repair these damages; therefore, we can't estimate a time when they will be finished. The creek crossing has been repaired, one mudslide repaired, and a temporary line run on the other mudslide until removal of the slide.

We notified you on 3/17/03 of the beginning of pipe replacement on the Weeksbury project the first week of April. After this notification, we discovered a leak on Abner that needed attention first; therefore, we began that section first.
July 11, 2003

Page 2

CASE NUMBER - 1999-00267

This project which consisted of replacing 1960 feet was finished yesterday, 7/10/03. We had estimated this section to be 2000 feet.

We are planning to begin Weeksbury section Monday, 7/14. This project will, without doubt, be interrupted when county and state road departments begin their repairs. We are expecting that to begin soon since FEMA has already been out to assess their damages.

We respectfully request that you grant us an extension of time to replace the remaining one section of pipe which consists of approximately 2500 feet.

Sincerely,

Virginia S. Gibson
Administrative Manager
MIKE LITTLE GAS COMPANY, INC.
CERTIFICATE OF SERVICE

RE: Case No. 1999-00267
  Mike Little Gas Company, Inc.

I, Thomas M. Dorman, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on January 2, 2003.

[Signature]
Executive Director
This is the Service List for Case 1999-00267
ORDER

On October 16, 2002, this matter was reopened by the Commission to determine if Mike Little Gas Company, Inc. ("MLG") was in compliance with the Commission's Order of August 4, 2000. A staff inspection report indicated that MLG was not in compliance with the replacement of certain steel pipe as stipulated in a Settlement Agreement dated June 28, 2000 and made a part of the Commission's Order of August 4, 2000. MLG filed a "Response" on October 4, 2002, in which it stated that MLG has replaced approximately 5,600 feet of steel pipe with plastic but that 5,870 feet remain to be replaced. On December 9, 2002, MLG filed a Compliance Schedule for approval by Commission Staff as agreed to between Staff and MLG in an informal conference held on November 7, 2002 and in conformity with the Settlement Agreement. The Commission finds that the Compliance Schedule as submitted by MLG has now been approved by Commission Staff and is now part of the Settlement Agreement.
The Commission, on its own motion, HEREBY ORDERS that:

1. MLG shall conform to the Compliance Schedule as approved.
2. This case shall be removed from the Commission's docket.

Done at Frankfort, Kentucky, this 2nd day of January, 2003.

By the Commission

ATTEST:

[Signature]
Executive Director
March 17, 2003

Mr. Thomas M. Dorman, Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky  40602-0615

Dear Sir:

In regard to the above order, we are notifying you that we will be replacing 1450 feet of 3" main line steel with 2" P.E. in the Weeksbury area beginning the first week in April. This footage being part of the 5870 feet total replacement.

Sincerely,

Virginia S. Gibson

cc:  Miki Thompson
November 8, 2002

PARTIES OF RECORD:

RE: Mike Little Gas Company, Inc.
Violations of Administrative Regulations Compliance Schedule
1999-00267

Attached please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five (5) days of receipt of this letter. Any questions regarding this memorandum should be directed to James Goff at 502-564-3940, extension 261.

Sincerely,

Thomas M. Dorman
Executive Director
On November 7, 2002, an informal conference was held between Commission Staff and a representative of Mike Little Gas Company, Inc. ("MLG"), Gary Thompson, Vice President, pursuant to an Order of the Commission reopening this case. Those present are listed on the attached sign-in sheet.

Staff explained the purpose of the conference and the allegations as set out in the Commission Order of October 16, 2002.

Prior to any discussion it was noted that the Commission had received, by a fax dated November 6, 2002, a “Response To Allegations” submitted by MLG in this matter.

In that Response MLG stated that it has 5,870 feet of steel pipe scheduled to be replaced in the late spring and early summer of 2003. Staff and MLG agreed that a date of no later than October 1, 2003 would be established for the completion of the replacement of the 5,870 feet of steel pipe and this would be the compliance schedule as stipulated in the August 4, 2000 Settlement Agreement. It was also agreed that if the 5,870 feet of steel pipe in the Bypro and Abner Mountain sections were not replaced on or before October 1, 2003, the balance of the suspended penalty of $2,500 would be due and payable. It was also agreed that MLG would contact the PSC prior to the start of any construction on each section of pipe and that MLG would continue to monitor by leak survey each section of steel pipe until the said pipe was replaced.

Staff will prepare a Compliance Schedule containing these agreements and timetable and submit it to MLG for approval and signature and that it shall then be made a part of the record in this matter. The meeting was adjourned.

Attachment
cc: File
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND  
WINNIE GREER D/B/A  
MIKE LITTLE GAS COMPANY, INC.  

) CASE NO. 1999-00267

INFORMAL CONFERENCE

November 7, 2002

PLEASE SIGN IN:

<table>
<thead>
<tr>
<th>NAME</th>
<th>REPRESENTS</th>
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</thead>
<tbody>
<tr>
<td>J. R. Goff</td>
<td>PSC</td>
</tr>
<tr>
<td>Eddie B. Smith</td>
<td>PSC Division of Engineering</td>
</tr>
<tr>
<td>Gray Thompson</td>
<td>Mike Little Gas Co</td>
</tr>
<tr>
<td>Jeff Schroeder</td>
<td>PSC</td>
</tr>
<tr>
<td>William Aitken</td>
<td>PSC</td>
</tr>
<tr>
<td>Buster Alderman</td>
<td>PSC</td>
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</tbody>
</table>
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

CASE NO. 1999-00267

INVESTIGATION INTO ALLEGED VIOLATIONS OF 807 KAR 5:022, SECTIONS 10(8); 10(9); 13(17); 14(12); 14(13); 14(21); 14(21)b; 14(23); AND 14(25) AND 49 CFR 192.463; 192.465; 192.625(f); 192.721; 192.723; 192.739; 192.743; AND 192.747

RESPONSE TO ALLEGATIONS

COMES NOW Mike Little Gas Company, Inc. (MLG), a Kentucky corporation, pursuant to Order by the Public Service Commission, dated the 16th day of August, 2002, makes and files its response to the allegations or violations and the Comprehensive Inspection Report dated August 16, 2002.

1. MGL admits that an approved settlement agreement between the Commission Staff and MLG required that the steel pipe located in the MLG pipeline system was to have been replaced prior to the inspections of April 16 and May 2, 2002.

2. Since that agreement, MLG has substantially complied in that approximately 18,000 feet of pipe has been installed since the agreement was entered and approved by the Commission.

3. At the time of the inspections in April and May of 2002, approximately 7,570 feet remained to be replaced.
4. More than 1,300 feet of steel pipe has been replaced since the April and May inspections, leaving only 5,870 feet of pipe in the entire system in steel. That footage is monitored frequently by service personnel.

5. Several attempts have been made to hire contractors to replace the remaining sections of pipe, with prices ranging from $2.50 to $4.00 per foot. It is difficult to find contractors willing to come into the service area and it is costly to get heavy equipment into the difficult terrain of MLG's pipelines.

6. Since the time of the agreement, MLG has hired one contractor, Cloyd Elliott to assist in the replacement of the steel pipe at a cost of $1.00 per foot, with the financial situation of the company, Mr. Elliott was the only viable contractor to work the job, along with Greg Howell, a salaried employee of MLG.

7. During his employment, Mr. Elliott has had serious health issues and at one point underwent heart surgery. Mr. Elliott does a good job and always comes back after his illnesses. He is diligently working at the present time to complete the project.

8. As the Commission is well aware, MLG has not had a raise in rates since approximately 1990. It has been the intention and goal of the management to provide gas to customers with quality service at the lowest possible rate. However, with the situation as it is, MLG will have no choice but to file for a rate increase in the near future.

9. MLG is currently on schedule to complete the remaining 5,870 feet of steel pipe in the late spring and early summer of 2003.

10. The allegations made regarding the training of the maintenance personnel of MLG are misleading and for clarification, MLG represents to the Commission that
careful attention is paid to notification from KGA of training seminars and that MLG maintenance personnel has attended yearly training on 10/30/98, 9/7/99, 10/24/00 and 10/31/01, further, MLG asserts that it is in compliance with operator qualification plan.

11. Any fine imposed by the Commission would be a tremendous hardship on the company and would have a serious impact on the operations.

12. MLG has worked diligently in replacing the pipe and has attempted in good faith to complete the project in accordance with the agreement.

13. MLG has made substantial progress toward total replacement and has a plan in place to complete the replacement within the next few months.

Respectfully Submitted,

Miki Thompson
President/Counsel
Mike Little Gas Company, Inc.

PREPARED BY:
MIKI THOMPSON
PRESIDENT/COUNSEL
108 LOGAN STREET
WILLIAMSON, WV 25661
(304) 235-6454
CERTIFICATE OF SERVICE

I, Miki Thompson, President/Counsel of Mike Little Gas Company, Inc., hereby certify that a true and exact copy of the enclosed RESPONSE TO ALLEGATIONS was served upon the following by facsimile on November 6, 2002.

Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Ky. 40602

Virginia Gibson
Administrative Manager
Mike Little Gas Company, Inc.
P.O. Box 69
Melvin, Ky 41650

MIKI THOMPSON
PRESIDENT/COUNSEL
MIKE LITTLE GAS COMPANY, INC.
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKE LITTLE GAS COMPANY, INC.  ) CASE NO. 

) 1999-00267 

IN THE MATTER OF INVESTIGATION INTO 
ALLEGED VIOLATIONS OF 807 KAR 5:022, 
SECTIONS 10(8); 10(9); 13(17)g; 14(12); 
14(13); 14(21); 14(21)b; 14(23); AND 14(25) 
AND 49 CRF 192.463; 192.465; 192.625(f); 
192.721; 192.739; 192.743; AND, 192.747

COMPLIANCE SCHEDULE

This Compliance Schedule is made and entered into by and between the Staff of the Public Service Commission of Kentucky ("Commission Staff") and Mike Little Gas Company, Inc. ("MLG").

On November 7, 2002, MLG and Commission Staff held an informal conference at which it was agreed that MLG and Commission Staff had entered into a Settlement Agreement dated June 28, 2000, which was approved by the PSC by an Order dated August 4, 2000, and as part of that Order MLG agreed to address and resolve violations pursuant to a compliance schedule to be approved by Commission Staff. MLG has replaced, since the Order of August 4, 2000, approximately 18,000 feet of steel pipe, but at present 5,870 feet of steel pipe remains to be replaced in the Bypro and Abner Mountain sections of the MLG system.

NOW, THEREFORE, MLG submits the following "Compliance Schedule" for Commission Staff approval.
1. MLG shall replace 5,870 feet of steel pipe with plastic pipe in conformity with the requirements of 49 CFR 191-199, in the Bypro and Abner Mountain sections of its system on or before October 1, 2003.

2. MLG shall notify the PSC, Gas Pipeline Safety Branch, in writing at least 15 days prior to the replacement of any pipe in any section of its system.

3. MLG shall, in its notification to the PSC, identify the location and length of each section to be replaced.

4. MLG shall, as part of the replacement process, continue to monitor the affected sections herein, by leak survey, until those sections are replaced with the appropriate plastic pipe.

IN WITNESS WHEREOF, MLG agrees to execute this "Compliance Schedule" in accordance with the Order of August 4, 2000.

MIKE LITTLE GAS COMPANY, INC.

BY: [Signature]
TITLE: President

The foregoing "Compliance Schedule" submitted by MLG is approved.

STAFF OF PUBLIC SERVICE COMMISSION OF KENTUCKY

BY: [Signature]
TITLE: Attorney
RE: Case No. 1999-00267

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Thomas M. Dorman
Executive Director
RE: Case No. 1999-00267

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Thomas M. Dorman
Executive Director
RE: Case No. 1999-00267

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Thomas M. Dorman
Executive Director
This is the Service List for Case 1999-00267
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
13(17)g; 14(12); 14(13); 14(21); 14(21)b; 14(23);
AND 14(25) AND 49 CFR 192.463; 192.465;
192.625(f); 192.721; 192.723; 192.739; 192.743;
AND 192.747

ORDER

Mike Little Gas Company, Inc. ("MLG"), a Kentucky corporation, is a utility pursuant to KRS 278.010(3)(b) and is subject to Commission jurisdiction pursuant to KRS 278.040. MLG 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.; the regulations of 49 CFR 189-199; KRS 278.495; and the penalty provisions contained in KRS 278.990 and KRS 278.992.

By Order dated August 4, 2000, the Commission approved a Settlement Agreement between Commission Staff and MLG and fully incorporated it into the Order. As part of that Settlement Agreement, MLG agreed to a compliance schedule, which, among other things, called for the replacement of all steel pipe in MLG’s system “no later than fall of 2001.”1 On July 31, 2000, MLG filed a letter advising the Commission

1 MLG Supplemental Response filed October 4, 1999.
that, due to problems with its contractor, the agreed replacement would not be completed as planned and that the Commission would be kept informed of progress.²

On April 16 and May 2, 2002, a comprehensive inspection of MLG performed by Commission Staff revealed that approximately 8,500 feet of steel pipe in the MLG system is without corrosion control. The inspection further found that MLG has replaced 5,600 feet of its steel pipe with plastic pipe, as required by the August 4, 2000 Order.

Based on its review of the Comprehensive Inspection Report dated August 16, 2002; the Settlement Agreement incorporated in the Order dated August 4, 2000; and being otherwise sufficiently advised, the Commission finds prima facie evidence that MLG has failed to comply with 49 CFR Part 192.463 and 49 CFR 192.465. The Commission further finds prima facie evidence that MLG has failed to comply with the Commission's Order dated August 4, 2000, which may result in the imposition of the $2,500 suspended penalty as set forth in ordering paragraph 2 of that Order.

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

1. Case No. 1999-00267 is reopened and is hereby placed upon the Commission's docket.

2. The Comprehensive Inspection Report dated August 16, 2002, a copy of which is appended hereto, is made part of the record of this proceeding.

3. Within 20 days of the date of this Order, MLG shall submit to the Commission a written response to the allegations contained herein and in the Comprehensive Inspection Report dated August 16, 2002.

² Letter from Miki Thompson, President of MLG, dated July 28, 2000.
4. MLG shall appear for an informal conference with Commission Staff on November 7, 2002, at 10:30 a.m., Eastern Standard Time, in Conference Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of considering any matter which would aid in the handling or final disposition of this proceeding.

5. A formal hearing shall be scheduled by future Order of the Commission.

Done at Frankfort, Kentucky, this 16th day of October, 2002.

By the Commission

ATTEST:

[Signature]
Executive Director
APPENDIX TO AN ORDER OF THE
KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 1999-00267
DATED October 16, 2002
COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

MIKE LITTLE GAS COMPANY, INC
MELVIN, KENTUCKY

August 16, 2002

BRIEF

Earl H. Alderman, Jr. conducted a comprehensive inspection of the natural gas facilities of Mike Little Gas Company, Inc. ("MLG") on April 16 and May 2, 2002. This inspection was conducted in accordance with the Public Service Commission's ("PSC") policy of inspecting all jurisdictional operators. Natural gas operators are jurisdictional to the PSC under KRS 278.040, 278.495, 278.992 and also through a 5(a) Agreement with the United States Department of Transportation, Office of Pipeline Safety, for the enforcement of the federal pipeline safety laws, 49 U.S.C. § 60101 et seq. and regulations promulgated thereunder.

INSPECTION

MLG is a gas distribution system operating in Floyd, Kentucky, and serves approximately 475 customers (Elzie Neeley has 70 and MLG has 405).

A review was made of MLG's Operating and Maintenance, Emergency, Damage Prevention, Operator Qualification, and Anti-Drug Plans during the office portion of the inspection. Also during the office visit, records were reviewed concerning the leak survey, system patrolling, valve maintenance, corrosion surveys and regulator and relief valves.

Greg Howell of MLG assisted on this inspection.
FINDINGS AND RECOMMENDATIONS

One deficiency was found during the inspection of MLG: There is no corrosion control on the steel sections of the system. 49 CFR Parts 192.463 and 192.465 (MLG is in the process of replacing all buried steel pipe in the system. Approximately 5,600 Ft. of ½, 1, 2 and 4 inch steel pipe has been replaced with plastic since the last Comprehensive Inspection. Approximately 8,500 ft. of steel pipe remains in the system). This is a repeat violation from the April 14-15, 1999 comprehensive inspection that resulted in a show cause in Case No. 99-267.

It is recommended that the Commission initiate a hearing to allow MLG to show cause why it should not be penalized for failure to comply with Commission regulations.

It is also recommended that maintenance personnel from MLG attend the various training seminars conducted throughout the state to learn to operate its natural gas system safely. The training available for maintenance personnel on the safe and proper ways to respond to leakage calls, how to handle gas in an emergency, and how to safely operate a natural gas system is available through the Kentucky Gas Association ("KGA"). Further information on the KGA training seminars may be obtained by contacting Dr. Paul Lyons, KGA, 310 C.C. Lowry Drive, Murray, Kentucky 42071, (270) 753-2151 or (800) 455-9427, E-mail Address: p.lyons@kygas.org, web address: http://www.kygas.org.

Respectfully submitted,

Earl H. Alderman, Jr.
Gas Utility Investigator

EHA:dcp
0204500
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

CASE NO. 1999-00267

INVESTIGATION INTO ALLEGED VIOLATIONS OF 807 KAR 5:022,
SECTIONS 10(8); 10(9); 13(17)g;
14(12); 14(13); 14(21); 14(21)b; 14(23);
AND 14(25) AND 49 CFR 192.463;
192.465; 192.625(f); 192.721; 192.723;
192.739; 192.743; AND 192.747

RESPONSE TO ALLEGATIONS

COMES NOW Mike Little Gas Company, Inc. (MLG), a Kentucky corporation, pursuant to Order by the Public Service Commission, dated the 16th day of August, 2002, makes and files its response to the allegations or violations and the Comprehensive Inspection Report dated August 16, 2002.

1. MGL admits that an approved settlement agreement between the Commission Staff and MLG required that the steel pipe located in the MLG pipeline system was to have been replaced prior to the inspections of April 16 and May 2, 2002.

2. Since that agreement, MLG has substantially complied in that approximately 18,000 feet of pipe has been installed since the agreement was entered and approved by the Commission.

3. At the time of the inspections in April and May of 2002, approximately 7,570 feet remained to be replaced.
4. More than 1,300 feet of steel pipe has been replaced since the April and May inspections, leaving only 5,870 feet of pipe in the entire system in steel. That footage is monitored frequently by service personnel.

5. Several attempts have been made to hire contractors to replace the remaining sections of pipe, with prices ranging from $2.50 to $4.00 per foot. It is difficult to find contractors willing to come into the service area and it is costly to get heavy equipment into the difficult terrain of MLG's pipelines.

6. Since the time of the agreement, MLG has hired one contractor, Cloyd Elliott to assist in the replacement of the steel pipe at a cost of $1.00 per foot, with the financial situation of the company, Mr. Elliott was the only viable contractor to work the job, along with Greg Howell, a salaried employee of MLG.

7. During his employment, Mr. Elliott has had serious health issues and at one point underwent heart surgery. Mr. Elliott does a good job and always comes back after his illnesses He is diligently working at the present time to complete the project.

8. As the Commission is well aware, MLG has not had a raise in rates since approximately 1990. It has been the intention and goal of the management to provide gas to customers with quality service at the lowest possible rate. However, with the situation as it is, MLG will have no choice but to file for a rate increase in the near future.

9. MLG is currently on schedule to complete the remaining 5,870 feet of steel pipe in the late spring and early summer of 2003.

10. The allegations made regarding the training of the maintenance personnel of MLG are misleading and for clarification, MLG represents to the Commission that
careful attention is paid to notification from KGA of training seminars and that MLG maintenance personnel has attended yearly training on 10/30/98, 9/7/99, 10/24/00 and 10/31/01, further, MLG asserts that it is in compliance with operator qualification plan.

11. Any fine imposed by the Commission would be a tremendous hardship on the company and would have a serious impact on the operations.

12. MLG has worked diligently in replacing the pipe and has attempted in good faith to complete the project in accordance with the agreement.

13. MLG has made substantial progress toward total replacement and has a plan in place to complete the replacement within the next few months.

Respectfully Submitted,

Miki Thompson
President/Counsel
Mike Little Gas Company, Inc.

PREPARED BY:
MIKI THOMPSON
PRESIDENT/COUNSEL
108 LOGAN STREET
WILLIAMSON, WV 25661
(304) 235-6454
CERTIFICATE OF SERVICE

I, Miki Thompson, President/Counsel of Mike Little Gas Company, Inc., hereby certify that a true and exact copy of the enclosed RESPONSE TO ALLEGATIONS was served upon the following by facsimile on November 6, 2002.

Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Ky. 40602

Virginia Gibson
Administrative Manager
Mike Little Gas Company, Inc.
P.O. Box 69
Melvin, Ky 41650

Miki Thompson
President/Counsel
Mike Little Gas Company, Inc.
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8), 10(9),
13(17)(G), 14(12), 14(13), 14(21)(B), 14(23),
AND 14(25) AND 49 CRF 192.463, 192.465,
192.625(F), 192.721, 192.739, 192.743, AND
192.747.

CASE NO. 99-267

RECEIPT OF PAYMENT

This is to acknowledge receipt of one check in the amount of $1,000.00, payable to Treasurer Commonwealth of Kentucky on August 11, 2000 from Mike Little Gas Company. This represents full payment of the penalty assessed against them in the above-styled action.

Stephanie Bell
Secretary of the Commission
Dated August 28, 2000
CERTIFICATE OF SERVICE

RE: Case No. 1999-267
MIKE LITTLE GAS COMPANY, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on August 10, 2000.

Parties of Record:

Virginia Gibson
Administrative Manager
Mike Little Gas Company, Inc.
P. O. Box 69
Melvin, KY. 41650

Honorable Miki Thompson
President
Mike Little Gas Co., Inc.
P. O. Box 69
Melvin, KY. 41650

Ms. Winnie Greer
P. O. Box 69
Melvin, KY. 41650

[Signature]
Secretary of the Commission

SB/hv
Enclosure
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

________________________________________________________) CASE NO. 99-267

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
13(17)g; 14(12); 14(13); 14(21); 14(21)b; 14(23);
AND 14(25) AND 49 CFR 192.463; 192.465;
192.625(f); 192.721; 192.723; 192.739; 192.743;
AND, 192.747

ORDER

On August 4, 2000, the Commission issued a final Order herein. Due to clerical error, ordering paragraph 3 incorrectly stated that “Within 10 days of the date of this Order, Access One shall pay....”

IT IS THEREFORE ORDERED, nunc pro tunc, that ordering paragraph 3 state:

“Within 10 days of the date of this Order, MLG [Mike Little Gas Company, Inc.] shall pay to the Commonwealth of Kentucky the sum of One thousand Dollars ($1,000.00). This payment shall be in the form of a cashier’s check made payable to “Treasurer, Commonwealth of Kentucky,” and shall be mailed or delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.”

Done at Frankfort, Kentucky, this 10th day of August, 2000.

By the Commission

ATTEST:

Executive Director, Acting
CERTIFICATE OF SERVICE

RE: Case No. 1999-267
MIKE LITTLE GAS COMPANY, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on August 4, 2000.

Parties of Record:

Virginia Gibson
Administrative Manager
Mike Little Gas Company, Inc.
P. O. Box 69
Melvin, KY. 41650

Honorable Miki Thompson
President
Mike Little Gas Co., Inc.
P. O. Box 69
Melvin, KY. 41650

Ms. Winnie Greer
P. O. Box 69
Melvin, KY. 41650

Stephanie D. Bell
Secretary of the Commission

SB/sa
Enclosure
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

CASE NO. 99-267

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
13(17)g; 14(12); 14(13); 14(21); 14(21)b; 14(23);
AND 14(25) AND 49 CFR 192.463; 192.465;
192.625(f); 192.721; 192.723; 192.739; 192.743;
AND, 192.747

ORDER

On July 12, 1999, the Commission directed Miki Thompson and Winnie Greer
d/b/a Mike Little Gas Company, Inc. (“MLG”) to appear at a hearing to show cause why
MLG should not be penalized, pursuant to KRS 278.990(1) and KRS 278.992(1), for its
alleged violations of Commission regulation 807 KAR 5:022 and federal pipeline safety

After commencement of this proceeding, MLG and Commission Staff entered
into negotiations to resolve all outstanding issues. On June 28, 2000, they executed a
Settlement Agreement, which is appended hereto. In reviewing the Settlement
Agreement, the Commission has considered, inter alia, the circumstances surrounding
the alleged violations relative to MLG’s gas distribution system that is the subject of this
proceeding, and MLG’s efforts to comply with federal and state regulations. After
reviewing the Settlement Agreement and being otherwise sufficiently advised, the
Commission finds that the Agreement is in accordance with law, does not violate any regulatory principle, results in a reasonable resolution of this case, and is in the public interest.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement is incorporated into this Order as if fully set out herein.

2. The terms and conditions set forth in the Settlement Agreement are hereby adopted and approved.

3. Within 10 days of the date of this Order, Access One shall pay to the Commonwealth of Kentucky the sum of One Thousand Dollars ($1,000.00). This payment shall be in the form of a cashier's check made payable to “Treasurer, Commonwealth of Kentucky,” and shall be mailed or delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.

4. This case is closed and shall be removed from the Commission’s docket.

Done at Frankfort, Kentucky, this 4th day of August, 2000.

By the Commission

ATTEST:

[Signature]

Executive Director, Acting
APPENDIX TO AN ORDER OF THE
KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 99-267
DATED AUGUST 4, 2000
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
13(17)g; 14(12); 14(13); 14(21); 14(21)b; 14(23);
AND 14(25) AND 49 CFR 192.463; 192.465;
192.625(f); 192.721; 192.723; 192.739; 192.743;
AND, 192.747

CASE NO. 99-267

SETTLEMENT AGREEMENT

This Settlement Agreement made and entered into on this 28th day of
June, 2000, between Mike Thompson and Winnie Greer d/b/a Mike Little Gas
Company, Inc. ("MLG") and Staff of the Public Service Commission ("Commission
Staff").

WITNESSETH:

WHEREAS, Commission Staff issued a Comprehensive Inspection Report
(“Report”) on June 8, 1999, detailing an inspection conducted on April 15, 1999. This
inspection was conducted of a natural gas distribution system operated and maintained
by MLG operating in Floyd County and Pike County, Kentucky that serves
approximately 651 total customers. The inspection was conducted by Commission Staff
members, Earl H. Alderman, Jr. and Jeffrey Schroeder, in addition to MLG employees.
WHEREAS, on July 12, 1999, the Public Service Commission ("Commission") entered a show cause Order in Case No. 99-267 against MLG in which it found sufficient evidence to believe that MLG had failed to comply with 807 KAR 5:022 and corresponding and respective parts and sections of the Natural Gas Pipeline Safety Act of 1968 and subsequent amendments thereto (49 C.F.R. 192).

WHEREAS, the Commission ordered MLG to show cause why it should not be subject to the penalties provided in KRS 278.990(1) and KRS 278.990(2)(1) for its alleged seven violations, and the parties hereto desire to enter into this Settlement Agreement to resolve the issues raised by the Commission's show cause Order, and have in furtherance thereof entered into stipulations included herein and set out below.

NOW, THEREFORE, the parties hereto mutually stipulate as follows:

1. MLG owns and operates a gas distribution system through a network of plastic and steel gas lines to approximately 651 customers in Floyd County and Pike County, Kentucky.

2. MLG has a duty to comply with the provisions of Chapter 278 of the Kentucky Revised Statutes, Commission regulations (807 KAR 5:022) and 49 U.S.C. § 60101, et seq.

3. Commission regulations and federal standards involved in the Commission's show cause Order designated as violations are as follows:

   a. 807 KAR 5:022, Sections 10(8) and 10(9), and 49 C.F.R. 192.463 and 192.465. There are no corrosion controls on the steel sections of the system.

   b. 807 KAR 5:022, Section 13(17)(g), and 49 C.F.R. 192.625(f). Odorant checks were not made weekly.
c. 807 KAR 5:022, Section 14(12) and 49 C.F.R. 192.721. System patrolling records for 1998 were not maintained.

d. 807 KAR 5:022, Section 14(13) and 49 C.F.R. 192.723. Records for the system leak survey were not maintained.

e. 807 KAR 5:022, Section 14(21) and 49 C.F.R. 192.739. Records for the annual regulator inspections for 1998 were not maintained.

f. 807 KAR 5:022, Section 14(21) and 14(23), and 49 C.F.R. 192.743 and 192.739. Relief valve capacities were not checked in 1998.

g. 807 KAR 5:022, Section 14(25) and 49 C.F.R. 192.747. No valve inspections were conducted in 1998.

4. By way of a Response and a Supplemental Response filed by MLG, the above-stated alleged violations have been either corrected or a compliance schedule has been submitted and approved by Commission Staff to correct the violations in a timely manner. It is noted that since the show cause Order was issued on July 12, 1999, MLG has taken remedial measures to address the issues and violations involved. Most importantly, MLG has employed an individual with extensive knowledge and experience relative to the technical and practical aspects of a natural gas distribution business. Furthermore, employees of MLG have been regularly attending seminars regarding their work.

5. These stipulations are prepared by Commission Staff and MLG for purposes of reaching a settlement of Case No. 99-267. In the event that such settlement is not reached, or the Commission does not adopt this Settlement Agreement, these proposed stipulations will be withdrawn.
6. Nothing contained herein shall be construed as an admission of a violation(s) of any Commission regulation or federal regulation by MLG, nor shall the Commission's acceptance of this Agreement be construed as a finding of a violation(s) as stated, and the facts contained herein shall not be cited as precedent in any other proceeding except to enforce this Settlement Agreement.

7. If this Settlement Agreement is adopted by the Commission, it shall be binding upon MLG, its agents and representatives, and MLG waives any and all rights, statutory or otherwise, to challenge the Agreement before the Commission at hearing and MLG shall not petition for hearing, rehearing, or seek judicial review.

NOW, THEREFORE, MLG and Commission Staff agree that:

1. MLG shall be assessed a civil penalty of Five Hundred Dollars ($500.00) for each of the seven violations.

2. MLG shall pay the civil penalty of One Thousand Dollars ($1,000.00) and the remaining assessed civil penalties shall be suspended upon the condition that MLG shall address and resolve the remaining violations pursuant to their compliance schedule as approved by Commission Staff and upon the condition that MLG will not commit any other violation not subject to its compliance schedule.

3. Within 10 days after the entry of an Order approving the Settlement Agreement, MLG shall pay to the order of the Commonwealth of Kentucky One Thousand Dollars ($1,000.00). This payment shall be in the form of a cashier's check made payable to "Treasurer, Commonwealth of Kentucky," and shall be mailed or delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.
4. This Agreement is subject to the acceptance of, approval by, and adoption by the Commission.

5. Nothing contained herein shall be construed as an admission of a violation of any Commission regulations or federal regulations by MLG, nor shall the Commission's acceptance of this Agreement be construed as a finding of a violation of a Commission regulation or federal regulation by MLG. Neither the payment of the civil penalty nor any other agreement contained herein shall be construed as an admission of a violation of any Commission regulation or federal regulation, nor shall it be construed as an admission by MLG of any liability in any legal proceeding or lawsuit arising out of the facts set forth in the Report. This Settlement Agreement and the stipulations contained herein may not be cited in any other matter or proceeding except they may be used in a proceeding between the Commission and MLG to enforce this Settlement Agreement. This case shall be terminated upon the entry of a Commission Order accepting this Settlement Agreement in satisfaction of the show cause Order issued on July 12, 1999.

6. If the Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forth and each of the terms of the Settlement Agreement or any matters raised during settlement negotiations or contained herein shall not be binding upon any of the signatories.

7. If the Commission accepts and adopts this Settlement Agreement in its entirety and enters an Order in this proceeding to that effect, MLG shall not apply for a rehearing in this matter, nor bring legal action for judicial review of that Order.
AGREED TO BY:

MIKE LITTLE GAS COMPANY, INC.

BY Miki Thompson
Owner/Operator

BY Winnie Greer
Owner/Operator

Miki Thompson, Counsel for Mike Little Gas Company, Inc.

5/8/00 (date)

PUBLIC SERVICE COMMISSION OF KENTUCKY

BY Dale Wright
Staff Attorney

June 28, 2000 (date)
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

_______________________________ CASE NO. 99-267

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
13(17)g; 14(12); 14(13); 14(21); 14(21)b; 14(23);
AND 14(25) AND 49 CFR 192.463; 192.465;
192.625(f); 192.721; 192.723; 192.739; 192.743;
AND, 192.747

SETTLEMENT AGREEMENT

This Settlement Agreement made and entered into on this ____ day of
_____________, 2000, between Mike Thompson and Winnie Greer d/b/a Mike Little Gas
Company, Inc. ("MLG") and Staff of the Public Service Commission ("Commission
Staff").

WITNESSETH:

WHEREAS, Commission Staff issued a Comprehensive Inspection Report
("Report") on June 8, 1999, detailing an inspection conducted on April 15, 1999. This
inspection was conducted of a natural gas distribution system operated and maintained
by MLG operating in Floyd County and Pike County, Kentucky that serves
approximately 651 total customers. The inspection was conducted by Commission Staff
members, Earl H. Alderman, Jr. and Jeffrey Schroeder, in addition to MLG employees.
WHEREAS, on July 12, 1999, the Public Service Commission ("Commission") entered a show cause Order in Case No. 99-267 against MLG in which it found sufficient evidence to believe that MLG had failed to comply with 807 KAR 5:022 and corresponding and respective parts and sections of the Natural Gas Pipeline Safety Act of 1968 and subsequent amendments thereto (49 C.F.R. 192).

WHEREAS, the Commission ordered MLG to show cause why it should not be subject to the penalties provided in KRS 278.990(1) and KRS 278.990(2)(1) for its alleged seven violations, and the parties hereto desire to enter into this Settlement Agreement to resolve the issues raised by the Commission's show cause Order, and have in furtherance thereof entered into stipulations included herein and set out below.

NOW, THEREFORE, the parties hereto mutually stipulate as follows:

1. MLG owns and operates a gas distribution system through a network of plastic and steel gas lines to approximately 651 customers in Floyd County and Pike County, Kentucky.

2. MLG has a duty to comply with the provisions of Chapter 278 of the Kentucky Revised Statutes, Commission regulations (807 KAR 5:022) and 49 U.S.C. § 60101, et seq.

3. Commission regulations and federal standards involved in the Commission's show cause Order designated as violations are as follows:

   a. 807 KAR 5:022, Sections 10(8) and 10(9), and 49 C.F.R. 192.463 and 192.465. There are no corrosion controls on the steel sections of the system.

   b. 807 KAR 5:022, Section 13(17)(g), and 49 C.F.R. 192.625(f). Odorant checks were not made weekly.
c. 807 KAR 5:022, Section 14(12) and 49 C.F.R. 192.721. System patrolling records for 1998 were not maintained.

d. 807 KAR 5:022, Section 14(13) and 49 C.F.R. 192.723. Records for the system leak survey were not maintained.

e. 807 KAR 5:022, Section 14(21) and 49 C.F.R. 192.739. Records for the annual regulator inspections for 1998 were not maintained.

f. 807 KAR 5:022, Section 14(21) and 14(23), and 49 C.F.R. 192.743 and 192.739. Relief valve capacities were not checked in 1998.

g. 807 KAR 5:022, Section 14(25) and 49 C.F.R. 192.747. No valve inspections were conducted in 1998.

4. By way of a Response and a Supplemental Response filed by MLG, the above-stated alleged violations have been either corrected or a compliance schedule has been submitted and approved by Commission Staff to correct the violations in a timely manner. It is noted that since the show cause Order was issued on July 12, 1999, MLG has taken remedial measures to address the issues and violations involved. Most importantly, MLG has employed an individual with extensive knowledge and experience relative to the technical and practical aspects of a natural gas distribution business. Furthermore, employees of MLG have been regularly attending seminars regarding their work.

5. These stipulations are prepared by Commission Staff and MLG for purposes of reaching a settlement of Case No. 99-267. In the event that such settlement is not reached, or the Commission does not adopt this Settlement Agreement, these proposed stipulations will be withdrawn.
6. Nothing contained herein shall be construed as an admission of a violation(s) of any Commission regulation or federal regulation by MLG, nor shall the Commission's acceptance of this Agreement be construed as a finding of a violation(s) as stated, and the facts contained herein shall not be cited as precedent in any other proceeding except to enforce this Settlement Agreement.

7. If this Settlement Agreement is adopted by the Commission, it shall be binding upon MLG, its agents and representatives, and MLG waives any and all rights, statutory or otherwise, to challenge the Agreement before the Commission at hearing and MLG shall not petition for hearing, rehearing, or seek judicial review.

NOW, THEREFORE, MLG and Commission Staff agree that:

1. MLG shall be assessed a civil penalty of Five Hundred Dollars ($500.00) for each of the seven violations.

2. MLG shall pay the civil penalty of One Thousand Dollars ($1,000.00) and the remaining assessed civil penalties shall be suspended upon the condition that MLG shall address and resolve the remaining violations pursuant to their compliance schedule as approved by Commission Staff and upon the condition that MLG will not commit any other violation not subject to its compliance schedule.

3. Within 10 days after the entry of an Order approving the Settlement Agreement, MLG shall pay to the order of the Commonwealth of Kentucky One Thousand Dollars ($1,000.00). This payment shall be in the form of a cashier's check made payable to "Treasurer, Commonwealth of Kentucky," and shall be mailed or delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.
4. This Agreement is subject to the acceptance of, approval by, and adoption by the Commission.

5. Nothing contained herein shall be construed as an admission of a violation of any Commission regulations or federal regulations by MLG, nor shall the Commission's acceptance of this Agreement be construed as a finding of a violation of a Commission regulation or federal regulation by MLG. Neither the payment of the civil penalty nor any other agreement contained herein shall be construed as an admission of a violation of any Commission regulation or federal regulation, nor shall it be construed as an admission by MLG of any liability in any legal proceeding or lawsuit arising out of the facts set forth in the Report. This Settlement Agreement and the stipulations contained herein may not be cited in any other matter or proceeding except they may be used in a proceeding between the Commission and MLG to enforce this Settlement Agreement. This case shall be terminated upon the entry of a Commission Order accepting this Settlement Agreement in satisfaction of the show cause Order issued on July 12, 1999.

6. If the Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forth and each of the terms of the Settlement Agreement or any matters raised during settlement negotiations or contained herein shall not be binding upon any of the signatories.

7. If the Commission accepts and adopts this Settlement Agreement in its entirety and enters an Order in this proceeding to that effect, MLG shall not apply for a rehearing in this matter, nor bring legal action for judicial review of that Order.
AGREED TO BY:

MIKE LITTLE GAS COMPANY, INC.

BY

Miki Thompson
Owner/Operator

5/8/00
(date)

BY Winnie Greer
Owner/Operator

5/11/00
(date)

Miki Thompson, Counsel for
Mike Little Gas Company, Inc.

5/8/00
(date)

PUBLIC SERVICE COMMISSION OF KENTUCKY

BY

Dale Wright
Staff Attorney

(date)
August 3, 2000

Mr. William H. Bowker
Executive Director, Acting
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

Re: Mike Little Gas Company, Inc.
Case No. 99-267

Dear Mr. Bowker:

Enclosed for filing is a Settlement Agreement executed by Commission Staff and Mike Little Gas Company which resolves all outstanding issues in Case No. 99-267. We respectfully request the Commission’s approval of this Settlement Agreement.

Sincerely,

Dale Wright
Staff Attorney

Enclosure
cc: Parties of Record
cc: File
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A MIKE LITTLE GAS COMPANY, INC.

CASE NO. 99-267

INVESTIGATION INTO ALLEGED VIOLATIONS OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
13(17)g; 14(12); 14(13); 14(21); 14(21)b; 14(23);
AND 14(25) AND 49 CFR 192.463; 192.465;
192.625(f); 192.721; 192.723; 192.739; 192.743;
AND, 192.747

SETTLEMENT AGREEMENT

This Settlement Agreement made and entered into on this 28th day of June, 2000, between Mike Thompson and Winnie Greer d/b/a Mike Little Gas Company, Inc. ("MLG") and Staff of the Public Service Commission ("Commission Staff").

WITNESSETH:

WHEREAS, Commission Staff issued a Comprehensive Inspection Report ("Report") on June 8, 1999, detailing an inspection conducted on April 15, 1999. This inspection was conducted of a natural gas distribution system operated and maintained by MLG operating in Floyd County and Pike County, Kentucky that serves approximately 651 total customers. The inspection was conducted by Commission Staff members, Earl H. Alderman, Jr. and Jeffrey Schroeder, in addition to MLG employees.
WHEREAS, on July 12, 1999, the Public Service Commission ("Commission") entered a show cause Order in Case No. 99-267 against MLG in which it found sufficient evidence to believe that MLG had failed to comply with 807 KAR 5:022 and corresponding and respective parts and sections of the Natural Gas Pipeline Safety Act of 1968 and subsequent amendments thereto (49 C.F.R. 192).

WHEREAS, the Commission ordered MLG to show cause why it should not be subject to the penalties provided in KRS 278.990(1) and KRS 278.990(2)(1) for its alleged seven violations, and the parties hereto desire to enter into this Settlement Agreement to resolve the issues raised by the Commission's show cause Order, and have in furtherance thereof entered into stipulations included herein and set out below.

NOW, THEREFORE, the parties hereto mutually stipulate as follows:

1. MLG owns and operates a gas distribution system through a network of plastic and steel gas lines to approximately 651 customers in Floyd County and Pike County, Kentucky.

2. MLG has a duty to comply with the provisions of Chapter 278 of the Kentucky Revised Statutes, Commission regulations (807 KAR 5:022) and 49 U.S.C. § 60101, et seq.

3. Commission regulations and federal standards involved in the Commission's show cause Order designated as violations are as follows:
   a. 807 KAR 5:022, Sections 10(8) and 10(9), and 49 C.F.R. 192.463 and 192.465. There are no corrosion controls on the steel sections of the system.
   b. 807 KAR 5:022, Section 13(17)(g), and 49 C.F.R. 192.625(f). Odorant checks were not made weekly.
c. 807 KAR 5:022, Section 14(12) and 49 C.F.R. 192.721. System patrolling records for 1998 were not maintained.

d. 807 KAR 5:022, Section 14(13) and 49 C.F.R. 192.723. Records for the system leak survey were not maintained.

e. 807 KAR 5:022, Section 14(21) and 49 C.F.R. 192.739. Records for the annual regulator inspections for 1998 were not maintained.

f. 807 KAR 5:022, Section 14(21) and 14(23), and 49 C.F.R. 192.743 and 192.739. Relief valve capacities were not checked in 1998.

g. 807 KAR 5:022, Section 14(25) and 49 C.F.R. 192.747. No valve inspections were conducted in 1998.

4. By way of a Response and a Supplemental Response filed by MLG, the above-stated alleged violations have been either corrected or a compliance schedule has been submitted and approved by Commission Staff to correct the violations in a timely manner. It is noted that since the show cause Order was issued on July 12, 1999, MLG has taken remedial measures to address the issues and violations involved. Most importantly, MLG has employed an individual with extensive knowledge and experience relative to the technical and practical aspects of a natural gas distribution business. Furthermore, employees of MLG have been regularly attending seminars regarding their work.

5. These stipulations are prepared by Commission Staff and MLG for purposes of reaching a settlement of Case No. 99-267. In the event that such settlement is not reached, or the Commission does not adopt this Settlement Agreement, these proposed stipulations will be withdrawn.
6. Nothing contained herein shall be construed as an admission of a violation(s) of any Commission regulation or federal regulation by MLG, nor shall the Commission’s acceptance of this Agreement be construed as a finding of a violation(s) as stated, and the facts contained herein shall not be cited as precedent in any other proceeding except to enforce this Settlement Agreement.

7. If this Settlement Agreement is adopted by the Commission, it shall be binding upon MLG, its agents and representatives, and MLG waives any and all rights, statutory or otherwise, to challenge the Agreement before the Commission at hearing and MLG shall not petition for hearing, rehearing, or seek judicial review.

NOW, THEREFORE, MLG and Commission Staff agree that:

1. MLG shall be assessed a civil penalty of Five Hundred Dollars ($500.00) for each of the seven violations.

2. MLG shall pay the civil penalty of One Thousand Dollars ($1,000.00) and the remaining assessed civil penalties shall be suspended upon the condition that MLG shall address and resolve the remaining violations pursuant to their compliance schedule as approved by Commission Staff and upon the condition that MLG will not commit any other violation not subject to its compliance schedule.

3. Within 10 days after the entry of an Order approving the Settlement Agreement, MLG shall pay to the order of the Commonwealth of Kentucky One Thousand Dollars ($1,000.00). This payment shall be in the form of a cashier’s check made payable to “Treasurer, Commonwealth of Kentucky,” and shall be mailed or delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.
4. This Agreement is subject to the acceptance of, approval by, and adoption by the Commission.

5. Nothing contained herein shall be construed as an admission of a violation of any Commission regulations or federal regulations by MLG, nor shall the Commission's acceptance of this Agreement be construed as a finding of a violation of a Commission regulation or federal regulation by MLG. Neither the payment of the civil penalty nor any other agreement contained herein shall be construed as an admission of a violation of any Commission regulation or federal regulation, nor shall it be construed as an admission by MLG of any liability in any legal proceeding or lawsuit arising out of the facts set forth in the Report. This Settlement Agreement and the stipulations contained herein may not be cited in any other matter or proceeding except they may be used in a proceeding between the Commission and MLG to enforce this Settlement Agreement. This case shall be terminated upon the entry of a Commission Order accepting this Settlement Agreement in satisfaction of the show cause Order issued on July 12, 1999.

6. If the Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forth and each of the terms of the Settlement Agreement or any matters raised during settlement negotiations or contained herein shall not be binding upon any of the signatories.

7. If the Commission accepts and adopts this Settlement Agreement in its entirety and enters an Order in this proceeding to that effect, MLG shall not apply for a rehearing in this matter, nor bring legal action for judicial review of that Order.
AGREED TO BY:

MIKE LITTLE GAS COMPANY, INC.

BY Miki Thompson
Owner/Operator

5/8/00
(date)

BY Winnie Greer
Owner/Operator

5/11/00
(date)

Miki Thompson, Counsel for
Mike Little Gas Company, Inc.

5/8/00
(date)

PUBLIC SERVICE COMMISSION OF KENTUCKY

BY Dale Wright
Staff Attorney

June 28, 2000
(date)
July 28, 2000

Helen C. Helton  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, Kentucky 40602-0615

Re: Mike Little Gas Company, Inc. Compliance with Settlement Agreement  
Case No. 99-267

Dear Ms. Helton:

This letter is to advise that Mike Little Gas Company, Inc. is making every effort to follow the compliance schedule with regard to pipe replacement. We received bids on the project earlier in the Spring and construction was scheduled to begin July 1, 2000, with completion anticipated in late September. Unfortunately, the contractor who was given the job had a heart attack approximately a week before construction was to begin. He has since undergone quadruple bypass surgery and is presently unable to do the job.

We are currently talking to other contractors in an attempt to find one who will begin the project as soon as possible. I will keep the Commission informed.

Thank you for your assistance and cooperation.

Sincerely,

Miki Thompson  
Pres. Mike Little Gas Company, Inc.

cc: Dale Wright
April 24, 2000

Hon. Miki Thompson
108 Logan Street
Williamson, Virginia 25661

Re: Mike Little Gas Company, Inc.
Case No. 99-267
Settlement Agreement

Dear Ms. Thompson:

I apologize for the lengthy delay. Enclosed is a Settlement Agreement providing for a fine of $500 for each of seven violations or a total of $3,500. Commission Staff has agreed to allow the fine to be reduced to $1,000. The balance will be suspended until you have complied with the compliance schedule that Commission Staff approved. Remember, the Commission must approve the Settlement Agreement after it is executed, and they do that by issuing an Order. It is only after the Order is issued that the civil penalty is paid.

If you approve the Settlement Agreement, I would like for you and your sister to execute the Agreement, return it to me and I will execute it and submit it to the Commission. If you have any questions whatsoever, please feel free to call me at 502/564-3940, Extension 235.

Sincerely,

Dale Wright
Staff Attorney

Enclosure

cc: Mike Little Gas Company, Inc.
Post Office Box 69
Melvin, KY 41650
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

__________________________________________________________

CASE NO. 99-267

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
13(17)g; 14(12); 14(13); 14(21); 14(21)b; 14(23);
AND 14(25) AND 49 CFR 192.463; 192.465;
192.625(f); 192.721; 192.723; 192.739; 192.743;
AND, 192.747

SETTLEMENT AGREEMENT

This Settlement Agreement made and entered into on this ___ day of
___________, 2000, between Mike Thompson and Winnie Greer d/b/a Mike Little Gas
Company, Inc. ("MLG") and Staff of the Public Service Commission ("Commission
Staff").

WITNESSETH:

WHEREAS, Commission Staff issued a Comprehensive Inspection Report
("Report") on June 8, 1999, detailing an inspection conducted on April 15, 1999. This
inspection was conducted of a natural gas distribution system operated and maintained
by MLG operating in Floyd County and Pike County, Kentucky that serves
approximately 651 total customers. The inspection was conducted by Commission Staff
members, Earl H. Alderman, Jr. and Jeffrey Schroeder, in addition to MLG employees.
WHEREAS, on July 12, 1999, the Public Service Commission ("Commission") entered a show cause Order in Case No. 99-267 against MLG in which it found sufficient evidence to believe that MLG had failed to comply with 807 KAR 5:022 and corresponding and respective parts and sections of the Natural Gas Pipeline Safety Act of 1968 and subsequent amendments thereto (49 C.F.R. 192).

WHEREAS, the Commission ordered MLG to show cause why it should not be subject to the penalties provided in KRS 278.990(1) and KRS 278.990(2)(1) for its alleged seven violations, and the parties hereto desire to enter into this Settlement Agreement to resolve the issues raised by the Commission's show cause Order, and have in furtherance thereof entered into stipulations included herein and set out below.

NOW, THEREFORE, the parties hereto mutually stipulate as follows:

1. MLG owns and operates a gas distribution system through a network of plastic and steel gas lines to approximately 651 customers in Floyd County and Pike County, Kentucky.

2. MLG has a duty to comply with the provisions of Chapter 278 of the Kentucky Revised Statutes, Commission regulations (807 KAR 5:022) and 49 U.S.C. § 60101, et seq.

3. Commission regulations and federal standards involved in the Commission's show cause Order designated as violations are as follows:
   a. 807 KAR 5:022, Sections 10(8) and 10(9), and 49 C.F.R. 192.463 and 192.465. There are no corrosion controls on the steel sections of the system.
   b. 807 KAR 5:022, Section 13(17)(g), and 49 C.F.R. 192.625(f). Odorant checks were not made weekly.
c. 807 KAR 5:022, Section 14(12) and 49 C.F.R. 192.721. System patrolling records for 1998 were not maintained.

d. 807 KAR 5:022, Section 14(13) and 49 C.F.R. 192.723. Records for the system leak survey were not maintained.

e. 807 KAR 5:022, Section 14(21) and 49 C.F.R. 192.739. Records for the annual regulator inspections for 1998 were not maintained.

f. 807 KAR 5:022, Section 14(21) and 14(23), and 49 C.F.R. 192.743 and 192.739. Relief valve capacities were not checked in 1998.

g. 807 KAR 5:022, Section 14(25) and 49 C.F.R. 192.747. No valve inspections were conducted in 1998.

4. By way of a Response and a Supplemental Response filed by MLG, the above-stated alleged violations have been either corrected or a compliance schedule has been submitted and approved by Commission Staff to correct the violations in a timely manner. It is noted that since the show cause Order was issued on July 12, 1999, MLG has taken remedial measures to address the issues and violations involved. Most importantly, MLG has employed an individual with extensive knowledge and experience relative to the technical and practical aspects of a natural gas distribution business. Furthermore, employees of MLG have been regularly attending seminars regarding their work.

5. These stipulations are prepared by Commission Staff and MLG for purposes of reaching a settlement of Case No. 99-267. In the event that such settlement is not reached, or the Commission does not adopt this Settlement Agreement, these proposed stipulations will be withdrawn.
6. Nothing contained herein shall be construed as an admission of a violation(s) of any Commission regulation or federal regulation by MLG, nor shall the Commission's acceptance of this Agreement be construed as a finding of a violation(s) as stated, and the facts contained herein shall not be cited as precedent in any other proceeding except to enforce this Settlement Agreement.

7. If this Settlement Agreement is adopted by the Commission, it shall be binding upon MLG, its agents and representatives, and MLG waives any and all rights, statutory or otherwise, to challenge the Agreement before the Commission at hearing and MLG shall not petition for hearing, rehearing, or seek judicial review.

NOW, THEREFORE, MLG and Commission Staff agree that:

1. MLG shall be assessed a civil penalty of Five Hundred Dollars ($500.00) for each of the seven violations.

2. MLG shall pay the civil penalty of One Thousand Dollars ($1,000.00) and the remaining assessed civil penalties shall be suspended upon the condition that MLG shall address and resolve the remaining violations pursuant to their compliance schedule as approved by Commission Staff and upon the condition that MLG will not commit any other violation not subject to its compliance schedule.

3. Within 10 days after the entry of an Order approving the Settlement Agreement, MLG shall pay to the order of the Commonwealth of Kentucky One Thousand Dollars ($1,000.00). This payment shall be in the form of a cashier's check made payable to "Treasurer, Commonwealth of Kentucky," and shall be mailed or delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.
4. This Agreement is subject to the acceptance of, approval by, and adoption by the Commission.

5. Nothing contained herein shall be construed as an admission of a violation of any Commission regulations or federal regulations by MLG, nor shall the Commission's acceptance of this Agreement be construed as a finding of a violation of a Commission regulation or federal regulation by MLG. Neither the payment of the civil penalty nor any other agreement contained herein shall be construed as an admission of a violation of any Commission regulation or federal regulation, nor shall it be construed as an admission by MLG of any liability in any legal proceeding or lawsuit arising out of the facts set forth in the Report. This Settlement Agreement and the stipulations contained herein may not be cited in any other matter or proceeding except they may be used in a proceeding between the Commission and MLG to enforce this Settlement Agreement. This case shall be terminated upon the entry of a Commission Order accepting this Settlement Agreement in satisfaction of the show cause Order issued on July 12, 1999.

6. If the Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forth and each of the terms of the Settlement Agreement or any matters raised during settlement negotiations or contained herein shall not be binding upon any of the signatories.

7. If the Commission accepts and adopts this Settlement Agreement in its entirety and enters an Order in this proceeding to that effect, MLG shall not apply for a rehearing in this matter, nor bring legal action for judicial review of that Order.
AGREED TO BY:

MIKE LITTLE GAS COMPANY, INC.

BY ____________________________  
Miki Thompson  
Owner/Operator  

BY ____________________________  
Winnie Greer  
Owner/Operator  

Miki Thompson, Counsel for  
Mike Little Gas Company, Inc.  

PUBLIC SERVICE COMMISSION OF KENTUCKY

BY ____________________________  
Dale Wright  
Staff Attorney  

(date)
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

CASE NO. 99-267

SUPPLEMENTAL RESPONSE

COMES NOW Mike Little Gas Company, Inc., by and through counsel and represents to the Commission that in response to the Commission's Order dated the 12th day of July, 1999, an informal conference was held on the 9th day of September, 1999. That as a result of that meeting, the Company has taken certain steps and made a complete review of the system and reports to the Commission as follows:

1. A leak survey and inspection has been completed on all systems and the Company hereby reports that all systems are in compliance.

2. The Company reports that there are systems are out of compliance with regard to non-corrosion protected steel pipe, those systems are Melvin, Weeksbury and Phelps.

   A. In Melvin and Weeksbury, there is approximately 60,000 feet of 1 inch to 4 inch line. Of this total, approximately 48,000 is plastic and 11,500 is steel varying in sizes 1 to 4 inches. It is the Company's plan to replace all 3 to 4 inch pipe by insertion. Everything smaller than 3 inches will be completely replaced. Note that 23,000 feet of the 60,000 is service lines of which
17,000 is plastic and the remaining 6,000 is 3/4 to 2 inch steel.

B. The system at Phelps has approximately 52,000 feet. Of that amount, 19,000 is plastic, 33,000 is steel. The majority of that pipe is 3 inches, which will be replaced by insertion. The total of service line in that system is 22,000 feet. 17,000 feet of those lines are plastic, the remaining 5,000 is steel.

C. The Maytown and Goble Roberts systems are all plastic and are in compliance.

Mike Little Gas Company, Inc. further reports that it is not practical for the company to undertake an in house replacement of all these lines. The Company plans to start immediately replacing pipeline and at the same time, contract out for other line replacement. It is the Company's goal to have all lines replaced and in full compliance by late fall of 2000. However, in consideration of weather conditions, and unforeseen contract and labor complications, the Company is requesting additional allowance for total compliance for completion no later than fall of 2001.

Respectfully submitted

[Signature]
Counsel and President of
Mike Little Gas Company, Inc.

HON MIKI THOMPSON
ATTORNEY AT LAW
108 LOGAN STREET
WILLIAMSON, WV 25661
KY. Bar ID #84602
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND 
WINNIE GREER D/B/A 
MIKE LITTLE GAS COMPANY, INC. 

CASE NO. 99-267

INVESTIGATION INTO ALLEGED VIOLATIONS 
OF 807 KAR 5:022, SECTIONS 10(8); 10(9); 
13(17)G; 14(12), 14(13), 14(21);14(21)B; 14(23); 
AND 14(25) AND 49 CFR 192.463; 192.465; 
192.625(f); 192.721; 192.723; 192.739; 192.743; 
AND, 192.747

CERTIFICATE OF SERVICE

This is to certify that I, Miki Thompson, counsel for Mike Little Gas Company, Inc., have 
served a true copy of the foregoing

SUPPLEMENTAL RESPONSE

via U.S. Mail, postage prepaid, upon Hon. Dale Wright, counsel for Public Service Commission, 
Helen C. Helton, Executive Director, at his address of Public Service Commission, 730 Schenkel 
Lane, P.O. Box 615, Frankfort, KY 40602.

[Signature]
Miki Thompson

PREPARED BY:
HON MIKI THOMPSON 
ATTORNEY AT LAW 
108 LOGAN STREET 
WILLIAMSON, WV 25661 
KY. Bar ID #84602
September 20, 1999

Virginia Gibson
Administrative Manager
Mike Little Gas Company, Inc.
P. O. Box 69
Melvin, KY. 41650

Honorable Miki Thompson
President
Mike Little Gas Co., Inc.
P.O. Box 69
Melvin, KY. 41650

Ms. Winnie Greer
P.O. Box 69
Melvin, KY. 41650

RE: Case No. 99-267

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
13(17)g; 14(12); 14(13); 14(21); 14(21)b; 14(23);
AND 14(25) AND 49 CFR 192.463; 192.465;
192.625(f); 192.721; 192.723; 192.739; 192.743;
AND, 192.747

ORDER

Commission Staff has advised the Commission that during an informal conference on September 9, 1999, the utility and Commission Staff agreed to continue working toward settlement of the issues involved. The utility agreed to file a supplemental response setting forth a compliance schedule and any other matters which might be settled in lieu of hearing. The Commission, being sufficiently advised, HEREBY ORDERS that the hearing scheduled for September 22, 1999, at 10:00 a.m., Eastern Daylight Time, is cancelled in order for the parties to continue settlement negotiations.

Done at Frankfort, Kentucky, this 20th day of September, 1999.

By the Commission

ATTEST:

[Signature]
Executive Director
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC. CASE NO. 99-267

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
13(17)G; 14(12), 14(13), 14(21), 14(21) B; 14(23);
AND 14(25) AND 49 CFR 192.463; 192.465;
192.625(f); 192.721; 192.723; 192.739; 192.743;
AND, 192.747

CERTIFICATE OF SERVICE

This is to certify that I, Miki Thompson, counsel for Mike Little Gas Company, Inc., have served a true copy of the foregoing

MOTION TO CANCEL HEARING

via U.S. Mail, postage prepaid, upon Hon. Dale Wright, counsel for Public Service Commission, Helen C. Helton, Executive Director, at his address of Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, KY 40602.

Miki Thompson

PREPARED BY:
HON MIKI THOMPSON
ATTORNEY AT LAW
108 LOGAN STREET
WILLIAMSON, WV 25661
KY. Bar ID #84602
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

CASE NO. 99-267

INVESTIGATION INTO ALLEGED VIOLATIONS
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MOTION TO CANCEL HEARING

COMES NOW Mike Little Gas Company, Inc., by and through counsel, and hereby requests that the hearing before the Commission scheduled to take place on the 22nd day of September, be canceled based on the following:

1. That an informal meeting was held on 9th day of September wherein the Vice-President of Mike Little Gas Company, Inc., presented all defenses and mitigating circumstances surrounding the issues set forth in the Commission’s Order dated the 12th day of July, 1999.

2. That as a result of said informal hearing, a compliance schedule is being prepared by Mike Little Gas Company, Inc. at the present time and will be submitted to the Commission within the next seven (7) days of the filing of this motion.

WHEREFORE, Mike Little Gas Company, Inc. respectfully requests that the September
22nd hearing be canceled.

Respectfully submitted

[Signature]

Counsel and President of Mike Little Gas Company, Inc.

HON MIKI THOMPSON
ATTORNEY AT LAW
108 LOGAN STREET
WILLIAMSON, WV 25661
KY. Bar ID #84602
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
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192.625(f); 192.721; 192.723; 192.739; 192.743;
AND, 192.747

CERTIFICATE OF SERVICE

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served a true copy of the foregoing

MOTION TO CANCEL HEARING

via U.S. Mail, postage prepaid, upon Hon. Dale Wright, counsel for Public Service Commission,
Helen C. Helton, Executive Director, at his address of Public Service Commission, 730 Schenkel
Lane, P.O. Box 615, Frankfort, KY 40602.

PREPARED BY:
HON MIKI THOMPSON
ATTORNEY AT LAW
108 LOGAN STREET
WILLIAMSON, WV 25661
KY. Bar ID #84602

Miki Thompson
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

CASE NO. 99-267

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5.022, SECTIONS 10(8); 10(9);
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WHEREFORE, Mike Little Gas Company, Inc. respectfully requests that the September
22nd hearing be canceled.

Respectfully submitted

[Signature]

HON MIKI THOMPSON
ATTORNEY AT LAW
108 LOGAN STREET
WILLIAMSON, WV 25661
KY. Bar ID #84602

Counsel and President of
Mike Little Gas Company, Inc.
September 16, 1999

Ms. Miki Thompson, President
Ms. Virginia Gibson, Administrative Manager
Ms. Winnie Greer
Mike Little Gas Co., Inc.
Post Office Box 69
Melvin, Kentucky 41650

Re: Case No. 99-267

Dear Ms. Thompson:

Attached is a copy of the memorandum which is being filed into the record of the above-referenced case. If you have any comments that 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 regarding this matter, please call Dale Wright at 502/564-3940, Extension 235.

Sincerely,

Helen C. Helton
Executive Director

Attachment
On September 9, 1999, at 10:00 a.m., in the Commission's offices, an informal conference was held concerning the above-numbered case. Present on behalf of the Commission was Staff Attorney Dale Wright, Eddie B. Smith, Earl Alderman and Larry Amburgey. Present on behalf of Mike Little Gas Company, Inc. was Gary Thompson.

I announced that Miki Thompson was not only part owner of Mike Little Gas Company, but she is also an attorney. She had called and advised me that, because of her schedule, she would be unable to attend the informal conference. I advised that I would be uncomfortable conducting the conference in her absence, but she requested and authorized that the meeting continue without her. It was her husband, Gary Thompson, who was present at the conference representing Mike Little Gas Company.

Mr. Thompson explained that they had had a tremendous problem securing and training individuals who were willing to work for the company. He advised that in November 1998 they were able to hire Greg Howell from the Louisville Gas and Electric Company, and that Mr. Howell was operating the company from a logistical aspect from day to day. It was not contested that there are many miles of gas line needing cathodic protection. Commission Staff suggested that Gary Thompson get together with Greg Howell and determine the length of gas line to be replaced and review the steps that have been taken since the comprehensive inspection of April 14 and 15, 1999. Then, provide the Commission with information about work that needs to be performed in order to bring the gas lines into complete compliance with regulation. I advised Gary Thompson and Commission Staff that I would contact Miki Thompson to request that she file a supplemental response setting out the company's schedule for work to be accomplished.

It was agreed by all present that the issues of the show cause Order are not contested, but that every effort is being made to bring the entire system into compliance. Commission Staff offered any assistance that might be helpful. It was suggested that the supplemental response be filed within 15 days of the meeting. It was also agreed that we would try to settle the case without hearing.
August 18, 1999

Virginia Gibson
Administrative Manager
Mike Little Gas Company, Inc.
P. O. Box 69
Melvin, KY. 41650

Honorable Miki Thompson
President
Mike Little Gas Co., Inc.
P. O. Box 69
Melvin, KY. 41650

Ms. Winnie Greer
P. O. Box 69
Melvin, KY. 41650

RE: Case No. 99-267

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

[Signature]
Stephanie Bell
Secretary of the Commission

SB/ sa
Enclosure
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

CASE NO. 99-267

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
13(17)g; 14(12); 14(13); 14(21); 14(21)b; 14(23);
AND 14(25) AND 49 CFR 192.463; 192.465;
192.625(f); 192.721; 192.723; 192.739; 192.743;
AND, 192.747

ORDER

IT IS HEREBY ORDERED that an informal conference in this matter is
scheduled for Thursday, September 9, 1999, at 10:00 a.m., Eastern Daylight Time, in
Conference Room 2 of the Commission's offices at 730 Schenkel Lane, Frankfort,
Kentucky.

Done at Frankfort, Kentucky, this 18th day of August, 1999.

By the Commission

ATTEST:

[Signature]
Executive Director
July 29, 1999

Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Post Office 615
Frankfort, KY

RE: Response to Order of Commission

Dear Ms. Helton;

Pursuant to ORDER of the Public Service Commission dated the 12th day of July, 1999, Mike Little Gas Company, hereby enters its written response to the allegations contained in the Comprehensive Inspection Report dated June 8, 1999, and states as follows:

1. That during all times relevant to the violations, specifically in 1998, MLG had difficulties in obtaining qualified personnel. Numerous attempts were made throughout the year to hire an experienced service technician. Ads were placed in the newspaper, the department of employment services was contacted, and all neighboring utilities were called to see if they knew of qualified workers who may be available to help. MLG exhausted all avenues to hire trained personnel. The systems are located in extremely rural areas and there were no experienced candidates living in those areas and no one willing to relocate to the area.

Throughout 1998, there were a total of four service technicians. The regular technician resigned in February. There were two inexperienced technicians who worked from February until August. During these months, most of their time was spent making service calls and basic maintenance of the systems. In September, MLG an experienced and qualified technician who was willing to work in rural Floyd County. Mr. Howell was at the time working for Louisville Gas and was originally from Floyd County. He was
trained and experienced in gas systems. His experience and expertise allowed him to maintain the system as well as to perform the required controls and checks which enabled the company to come into compliance.

2. It is the company’s intent and plan to replace steel sections of the system. There has not been the amount of steel pipe replaced as planned due to the above described personnel problems. However, it is planned and anticipated that pipe replacement will be underway very soon.

3. MLG does not deny that odorant checks were not made on a weekly basis, however, MLG asserts that odorant checks were made periodically based on contents of the tanks and whether trained personnel was available.

4. It was company intent and policy that system patrolling records were to be kept, however, personnel turnover during this period hindered compliance. The system was patrolled on a regular basis, however records were not kept.

5. Records were not maintained for system leak surveys, however, there were some leak surveys performed and the lines checked and walked periodically. Leak survey has now been completed at the Phelps system and the other systems are being done.

6. Records for annual regulator inspections are now being maintained. Those records were not maintained in 1998 due to lack of trained personnel.

7. Records for valve capacities were not kept due to lack of trained personnel.

8. The company does not deny the violations listed in the Commission’s Order, however, MLG asserts the inability to obtain capable personnel as a mitigating factor.

9. Further, MLG asserts that since the hiring of qualified personnel, the company came into compliance of its own accord. This shows good faith on the part of the company to comply with regulations and that the company’s attempts were self motivated and not simply due to the comprehensive inspection report. It is the intent and desire of MLG to be in compliance with all regulations.
1. That since the Commission’s Order of July 12, 1999, the company has implemented the following:

   a. Odorant levels on the system are checked weekly.

   b. Relief valve capacities are scheduled to be checked before December 31, 1999 and records maintained thereof.

   c. The system is being patrolled monthly on all systems and as necessary, records are being maintained.

   d. A leak survey has been completed at the Phelps system and is in progress at the other systems. The Phelps survey showed a minimal amount of leakage and these leaks are presently being repaired.

   e. Plans have been made to replace steel sections of the system and bring all systems into compliance with PSC regulations.

   f. All key valves and regulators shall be checked before December 31, 1999 and records maintained.

   g. New personnel has extensive training and experience with Miller Pipeline who contracted with Louisville Gas and Electric and has attended to two KGA seminars since coming to work with MLG in September, 1998.

Mike Little Gas Company, Inc. respectfully requests that the Commission take into consideration the mitigating factors discussed above. Additionally, MLG requests the scheduling of an informal conference with the Commission Staff in order to expedite the handling and disposition of this proceeding.

Respectfully submitted,

Miki Thompson,
President
July 12, 1999

Virginia Gibson
Administrative Manager
Mike Little Gas Company, Inc.
P. O. Box 69
Melvin, KY. 41650

Ms. Miki Thompson
P.O. Box 69
Melvin, KY. 41650

Ms. Winnie Greer
P.O. Box 69
Melvin, KY. 41650

RE: Case No. 99-267

We enclose one attested copy of the Commission’s Order in the above case.

Sincerely,

Stephanie Bell
Secretary of the Commission

SB/rln
Enclosure
Via Certified Mail
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND
WINNIE GREER D/B/A
MIKE LITTLE GAS COMPANY, INC.

INVESTIGATION INTO ALLEGED VIOLATIONS
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);
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AND 14(25) AND 49 CFR 192.463; 192.465;
192.625(f); 192.721; 192.723; 192.739; 192.743;
AND, 192.747

ORDER

Miki Thompson and Winnie Greer d/b/a Mike Little Gas Company, Inc. ("MLG") consists of MLG customers, in addition to customers formerly served by Phelps and Neeley, and is a gas distribution system operating in Floyd County and Pike County, Kentucky and serving approximately 651 total customers. After the death of the owner and manager, Mike Little, the ownership and management was assumed by Miki Thompson and Winnie Greer, daughters of Mike Little. The daughters are doing business as Mike Little Gas Company, Inc. at the business address of Post Office Box 69, Melvin, Kentucky 41650. MLG, as a natural gas distribution system, is subject to the regulatory jurisdiction of the Commission pursuant to KRS 278.495, KRS 278.990, and KRS 278.992(1).

KRS 278.495(2) authorizes the Commission to regulate the safety of natural gas facilities comprising a utility used to distribute natural gas at retail. Administrative
Regulation 807 KAR 5:022 sets, *inter alia*, standards for safety in regard to a natural gas facility. In addition, the Commission enforces the minimum safety standards adopted by the United States Department of Transportation pursuant to the federal pipeline safety laws, 49 U.S.C. Section 60101, *et seq.*, and amendments thereto, pursuant to KRS 278.992(1). On April 15, 1999, Commission Staff conducted an inspection of MLG and, based upon said inspection, Commission Staff issued a Comprehensive Inspection Report ("Report") on June 8, 1999. The Report details seven violations of 807 KAR 5:022 and 49 CFR 192 as follows:

1. There are no corrosion controls on the steel sections of the system. 807 KAR 5:022, Sections 10(8) and 10(9) and 49 CFR 192.463 and 192.465.

2. Odorant checks were not made weekly. 807 KAR 5:022, Section 13(17)(g) and 49 CFR 192.625(f).

3. Systems patrolling records for 1998 were not maintained. 807 KAR 5:022, Section 14(12) and 49 CFR 192.721.

4. Records for the system leak survey were not maintained. 807 KAR 5:022, Section 14(13) and 49 CFR 192.723.

5. Records for the annual regulator inspections for 1998 were not maintained. 807 KAR 5:022, Section 14(21) and 49 CFR 192.739.

6. Relief valve capacities were not checked in 1998. 807 KAR 5:022, Sections 14(21) and 14(23) and 49 CFR 192.743 and 192.739.

7. No valve inspections were conducted in 1998. 807 KAR 5:022, Section 14(25) and 49 CFR 192.747.
The Report notes that the violation cited in numerical paragraph 1 is a repeat violation.

Based upon the facts contained in the Report, the Commission finds sufficient evidence to believe that MLG has failed to comply with the above-identified provisions of 807 KAR 5:022 and 49 CFR Part 192.

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

1. MLG shall submit to the Commission within 20 days of the date of this Order a written response to the allegations contained in the Report.

2. MLG shall appear on September 22, 1999 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of presenting evidence regarding the alleged violations and of showing cause, if any, why it should not be subject to the penalties prescribed in KRS 278.990(1) and KRS 278.992(1) for the alleged violations.

3. The Comprehensive Inspection Report dated June 8, 1999, attached hereto, is made a part of the record herein.

4. Any request for an informal conference with Commission Staff to consider any matter which would expedite the handling or disposition of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.
Done at Frankfort, Kentucky, this 12th day of July, 1999.

By the Commission

ATTEST:

[Signature]
Executive Director
A comprehensive inspection of the natural gas facilities of Mike Little Gas Company, Inc. ("MLG") was conducted on April 14-15, 1999, by Earl H. Alderman, Jr. and Jeffrey M. Schroeder. This inspection was conducted in accordance with the Public Service Commission's ("PSC") policy of inspecting all jurisdictional operators. Natural gas operators are jurisdictional to the PSC under KRS 278.040, 278.495 and also through a 5(a) Agreement with the United States Department of Transportation, Office of Pipeline Safety, for the enforcement of the Natural Gas Pipeline Safety Act of 1968.

MLG is a gas distribution system operating in Floyd and Pike County, Kentucky, and serves approximately 650 customers (Phelps – 142, Elzie Neeley – 70, Mike Little – 438).

A review was made of MLG's Operating and Maintenance, Emergency, Damage Prevention, and Anti-Drug Plans during the office portion of the inspection. Also during the office visit, records were reviewed concerning the leak survey, system patrolling, odorization, valve maintenance, and regulator and relief valves.

During the field inspection, a partial leak survey was conducted along with checks on main line valves and residential meter settings.
Greg Howell assisted us on this inspection.

Deficiencies noted during this inspection will be further discussed in the findings section of this report.

**FINDINGS**

The following deficiencies were found:

1. Odorant checks were not being made weekly. 807 KAR 5:022, Section 13(17)g, and 49 CFR Part 192.625(f).

2. Relief valve capacities were not checked for 1998. 807 KAR 5:022, Sections 14(21)b and (23) and 49 CFR Part 192.743 and 192.739.


4. Records for the system leak survey could not be found. 807 KAR 5:022, Section 14(13) and 49 CFR Part 192.723.

5. There is no corrosion control on the steel sections of the system. 807 KAR 5:022, Sections 10(8) and (9) and 49 CFR Parts 192.463 and 192.465. (This is a repeat violation.)


7. Records for the annual regulator inspections could not be found for 1998. 807 KAR 5:022, Section 14(21) and 49 CFR Part 192.739.
RECOMMENDATIONS

It is recommended that MLG:

1. Check odorant levels in the system weekly.
2. Check the relief valve capacities every year and maintain the records.
3. Patrol the system as required and maintain the records.
4. Conduct a leak survey.
5. Conduct a corrosion survey on the steel sections of the system and bring into compliance with PSC regulations.
6. Check all key valves on the system every year and maintain the records.
7. Check the regulators every year and maintain the records.

It is also recommended that in order to safely operate a natural gas system, maintenance personnel must have training on the safe and proper ways to respond to leakage calls and also how to handle gas in an emergency. This training is available through the Kentucky Gas Association. Further information on the Kentucky Gas Association training seminars may be obtained by contacting Dr. Paul Lyons, Kentucky Gas Association, 92 Chestnut Street, Murray, Kentucky 42071, (502) 753-2151 or (800) 455-9427, email: itskga@ldd.net, web address: http://www.kygas.org.

It is also recommended that a copy of this report be sent to MLG directing that it respond by July 30, 1999 with a schedule of compliance to the cited deficiencies for Commission approval.
It is further recommended that the Commission initiate a hearing to allow MLG to show cause why it should not be penalized for failure to comply with Commission regulations.

Respectfully submitted,

Earl H. Alderman, Jr.
Gas Utility Investigator

Jeffrey M. Schroeder
Gas Utility Investigator
US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

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To: Virginia Gibson
PO Box 69
Melvin, KY 41630

Postage:

- Certified Fee: $1.40
- Return Receipt Showing to Who & Date & Address of Item Delivered: $1.25
- TOTAL Postage & Fees: $3.20

Date:

PS Form 3811, December 1994

I also wish to receive the following services (for an extra fee):
1. Addresser's Address
2. Restricted Delivery
Consult postmaster for fee.

Message:

Ms. Ki Thompson

Date of Delivery:

7-13-99

Signature:

Virginia Gibson

Addresser's Address (Only if requested and fee is paid):
I also wish to receive the following services (for an extra fee):
1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

Complete items 1 and/or 2 for additional services.
Complete items 3, 4a, and 4b.
Print your name and address on the reverse of this form so that we can return this card to you.
Attach this form to the front of the mailpiece, or on the back if space does not permit.
Write "Return Receipt Requested" on the mailpiece below the article number.
The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Virginia Gibson

4a. Article Number
2 467 302 338

4b. Service Type
[ ] Registered [ ] Certified
[ ] Express Mail [ ] Insured
[ ] Return Receipt for Merchandise [ ] COD

5. Received By: (Print Name)

[ ]

6. Signature (Addressee or Agent)

[ ]

7. Date of Delivery
7-13-99

8. Addressee's Address (Only if requested and fee is paid)

[ ]

PS Form 3811, December 1994

Domestic Return Receipt