



Ernie Fletcher
Governor

Teresa J. Hill, Secretary
Environmental and Public
Protection Cabinet

Timothy J. LeDonne
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
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P.O. Box 615
Frankfort, Kentucky 40602-0615
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Mark David Goss
Chairman

John W. Clay
Commissioner

May 24, 2007

Ms. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Re: Case No. 2007-00107
Mike Little Gas Company, Inc.

Dear Ms. O'Donnell:

Enclosed please find for filing an executed Settlement Agreement in the above-styled case. The parties request that this be given to the Commission for its review and approval.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Goff".

J. R. Goff
Attorney

Enclosure

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
MAY 22 2007
PUBLIC SERVICE
COMMISSION

In the Matter of:

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

CASE NO. 2007-00107

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered into this 22nd day of May, 2007, by and between the STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY ("Commission Staff") and MIKE LITTLE GAS COMPANY, INC. ("Mike Little"); Miki Thompson, individually and as President of Mike Little; Daniel Greer, individually and as former Vice President of Mike Little; and Winnie Greer, individually and as Treasurer of Mike Little.

WITNESSETH:

WHEREAS, Mike Little is a Class C natural gas distribution system in Floyd County, Kentucky, servicing approximately 362 customers, according to its last filed annual report, and is subject to Commission jurisdiction pursuant to KRS 278.040; and

WHEREAS, on March 27, 2007, an Order was issued in the above-captioned case to Mike Little and Miki Thompson, Daniel Greer, and Winnie Greer, individually and as officers of Mike Little, requiring each of them to show cause why each should not

be assessed penalties pursuant to KRS 278.992(1) for violations of 49 C.F.R. §§ 192.321, 192.465, 192.616(b), 192.625(f), 192.721, 192.723, 192.739, 192.747, and 192.805(b); and

WHEREAS, on March 27, 2007, an Order was issued in this case to Mike Little and Miki Thompson, Daniel Greer, and Winnie Greer, individually and as officers of Mike Little, requiring each of them to show cause why each should not be assessed penalties pursuant to KRS 278.990 for willful violations of the Commission's Orders of June 25, 2004 and June 4, 2004, as issued in Case No. 1999-00267 for failure to replace sections of steel pipe in the Mike Little system; and

WHEREAS, an informal conference was held on May 1, 2007 between the parties and Commission Staff for the purpose of discussing the issues and negotiating an agreement to settle the issues raised in the proceeding herein; and

WHEREAS, Miki Thompson and Winnie Greer have stated that Daniel Greer has not participated in the corporation since 1995 and is no longer a Vice President thereof;

NOW, THEREFORE, in consideration of the premises, promises, covenants, and representations set forth herein, Mike Little; Miki Thompson, individually and as President of Mike Little; Daniel Greer, individually and as a former Vice President of Mike Little; and Winnie Greer, individually and as Treasurer of Mike Little; and Commission Staff agree that:

1. Mike Little and Miki Thompson, Daniel Greer, and Winnie Greer, in both their individual and official capacity as current or former officers of Mike Little, each waive a formal hearing of all matters in this case.
2. Daniel Greer, individually and as Vice President of Mike Little, is to be dismissed as a party to this case.

3. Mike Little and Miki Thompson and Winnie Greer, individually and in their capacity as corporate officers of Mike Little, acknowledge that each are in violation of the following: 49 C.F.R. §§ 192.321, 192.465, 192.616(b), 192.625(f), 192.721, 192.723, 192.739, 192.747, and 192.805(b), as enumerated in the Commission's Order dated February 15, 2007.

4. Mike Little and Miki Thompson and Winnie Greer, individually and in their capacity as corporate officers of Mike Little, agree to be assessed, jointly and severally, a civil penalty of \$100,000.00 for the violations as listed in paragraph 3 of this agreement. However, \$95,000.00 of that penalty shall be suspended upon the following terms and conditions:

A. Mike Little, Miki Thompson, and Winnie Greer, jointly or severally, shall pay \$5,000.00 of the civil penalty within thirty (30) days after the date of an Order of the Commission approving this settlement. Said amount shall be paid by a cashier's check payable to "Kentucky State Treasurer," and delivered to the Office of the General Counsel, Public Service Commission of Kentucky, 211 Sower Boulevard, Post Office Box 615, Frankfort, KY 40602.

B. All exposed plastic pipe in the Mike Little system is to be buried within thirty (30) days from the date of an Order of the Commission approving this settlement.

C. Mike Little is to have in place, by contract or otherwise, a certified operator in conformity with 49 C.F.R. Part 192, Subpart N-Qualifications of Pipeline Personnel § 192.801-807, within thirty (30) days after the date of an Order of the Commission approving this settlement.

D. Mike Little is to have established a continuing educational program (Public Awareness Program) pursuant to 49 C.F.R. § 192.616(a-i) within thirty (30) days after the date of an Order of the Commission approving this settlement.

E. Mike Little will have performed a gas sampling and a leakage survey within thirty (30) days after the date of an Order of the Commission approving this settlement.

5. If any one of the conditions of the penalty suspension as contained in paragraph 4 above is not complied with within the required thirty (30) day period, then the entire suspended penalty of \$95,000.00 shall be immediately due and payable. Upon confirmation by Commission Staff that all of the above conditions A-E have been complied with, the balance of the \$95,000.00 suspended penalty is to be forgiven by Order of the Commission.

6. Mike Little and Miki Thompson and Winnie Greer, individually and in their capacity as corporate officers of Mike Little, acknowledge that each is in violation of the Commission's Orders of June 25, 2004 and June 4, 2004 in Case No. 1999-00267, by failing to replace sections of steel pipe in the Mike Little system. Mike Little and Miki Thompson and Winnie Greer, individually and in their capacity as corporate officers of Mike Little, agree to be assessed, jointly and severally, a civil penalty of \$5,000.00. However, the entire civil penalty of \$5,000.00 is to be suspended upon the condition that Mike Little, on or before October 1, 2007, is to complete the replacement of the steel pipe as set out in the "Compliance Schedule" as contained in the Order dated June 25, 2004 in Case No. 1999-00267. If the complete replacement of the steel pipe is not complied with by October 1, 2007, then the entire suspended penalty of \$5,000.00, as assessed, shall be immediately due and payable. Upon confirmation by Commission

Staff that the steel pipe has been replaced on or before October 1, 2007, the entire civil penalty of \$5,000.00 shall be forgiven by Order of the Commission.

7. Mike Little and Miki Thompson, as President of Mike Little, and Winnie Greer, as Treasurer of Mike Little, agree to timely file the necessary documents with the Kentucky Secretary of State to correctly list Mike Little's present corporate officers as well as the annual report Mike Little files with the Commission.

8. This agreement is subject to the acceptance of and approval by the Public Service Commission.

9. If the Public Service Commission fails to accept and approve this agreement in its entirety, this proceeding shall go forward and neither the terms of this agreement nor any matters raised during settlement negotiations shall be binding on or be construed against Mike Little; Miki Thompson, individually and as President of Mike Little; Daniel Greer, individually and as Vice President of Mike Little; and Winnie Greer, individually and as Treasurer of Mike Little; or Commission Staff.

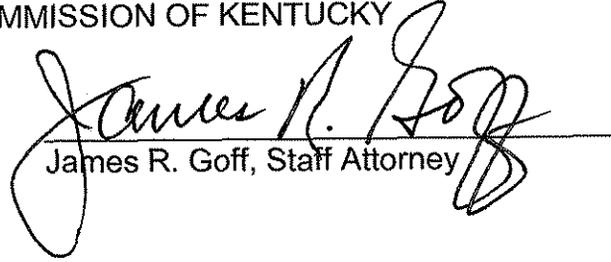
10. Any officer of Mike Little signing this agreement certifies he has knowledge of the matters herein and is duly designated by the utility to enter into this agreement.

11. Commission Staff shall recommend to the Public Service Commission that this agreement be accepted and approved.

IN WITNESS WHEREOF, Mike Little, Miki Thompson, individually and as President of Mike Little, Daniel Greer, individually and as Vice President of Mike Little, and Winnie Greer, individually and as Treasurer of Mike Little, and Commission Staff have executed this agreement.

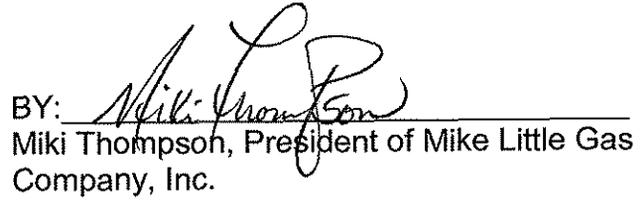
STAFF OF THE PUBLIC SERVICE
COMMISSION OF KENTUCKY

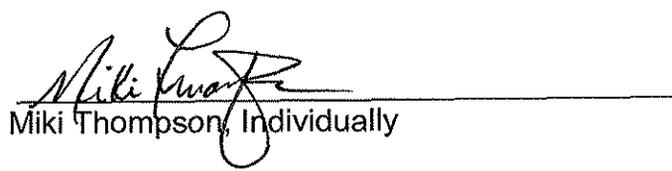
BY:


James R. Goff, Staff Attorney

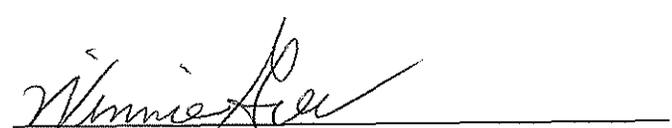
MIKE LITTLE GAS COMPANY, INC

BY:


Miki Thompson, President of Mike Little Gas
Company, Inc.


Miki Thompson, Individually


Winnie Greer, Vice President of Mike Little Gas
Company, Inc.


Winnie Greer, Individually

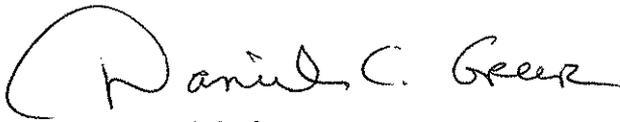

Daniel Greer, Individually

Daniel C. Greer
1601 Tates Creek Road
Lexington, KY 40502
859.266.2530

May 21, 2007

To Whom It May Concern:

I did not attend this meeting and have had absolutely no involvement with Mike Little Gas Company since I resigned in 1995. The Public Service Commission was sent my resignation letter and there should be a copy of it in their files. I do not know about any of the operations of the company nor do I have any say in how it is run.


Daniel C. Greer