

Commonwealth of Kentucky
Before the Public Service Commission

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**PUBLIC SERVICE
COMMISSION**

In the Matter of:

THE JOINT APPLICATION OF HERITAGE)
OPERATING L.P. AND BRIGHT'S PROPANE)
SERVICE, INC. FOR APPROVAL OF) Case No. 2007-00494
TRANSFER AND ACQUISITION OF ASSETS)
AND CERTIFICATES OF PUBLIC)
CONVENIENCE)

AGREED STIPULATION

The undersigned parties ("Parties"), by counsel, hereby advise the Public Service Commission ("Commission") that the Parties have agreed by written stipulation ("Stipulation") as follows:

WHEREAS, on November 29, 2007, Heritage Operating L.P. ("Heritage") and Bright's Propane Service, Inc. ("Bright's"), (collectively "Joint Applicants"), filed an application seeking approval of the transfer and acquisition of control of Bright's pursuant to KRS 278.020(5) and (6) and 807 KAR 5:001 Section 8 supporting the approval of the transfer and acquisition of control of Bright's; and

WHEREAS, Jack Conway, Attorney General for the Commonwealth of Kentucky, has been granted intervention in the case by the Commission; and

WHEREAS, the Attorney General has propounded two sets of requests for information in this proceeding and the Joint Applicants have answered and satisfied the Attorney General's requests ; and

WHEREAS, the Parties recognize that continued litigation of this proceeding could be lengthy and costly, and the Parties desire to settle the issues arising in this proceeding; and

WHEREAS, the Parties stipulate that the testimony filed by the Joint Applicants in this proceeding shall be deemed admitted into the record and may be relied upon by the Commission in rendering any orders in this proceeding; and

WHEREAS, the Parties will endeavor to obtain prompt approval of this Stipulation by the Commission. The Parties do not intend to modify the relief sought in the application or other documents filed in support of the application, and this Stipulation shall not be deemed to be a new application. The Parties further request that the Commission issue its Order on this Stipulation as expeditiously as possible under KRS 278.020(6); and

WHEREAS, this Stipulation is supported by adequate data and information; represents a just and reasonable resolution of the issues raised in these proceedings; violates no regulatory principle or precedent; and is the product of knowledgeable and capable Parties. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission; and

WHEREAS, this Stipulation is expressly conditioned upon its adoption by the Commission, in its entirety and without modification. Should the Commission reject or modify all or any part of this Stipulation or impose

additional or different conditions or requirements upon the Parties, the Parties shall have the right, within 20 days of service of the Commission's order, to file an application for rehearing pursuant to KRS 278.400. Upon the Commission's issuance of an Order on Rehearing that does not adopt the Stipulation in its entirety without material modification, any Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within 15 days of the Commission's Order on Rehearing. Upon such notice of termination or withdrawal by any Party pursuant to the above provisions, the Stipulation shall immediately become null and void; and

WHEREAS, all of the Signatory Parties fully support this Stipulation and urge the Commission to accept and approve the terms hereof;

NOW THEREFORE, the Parties hereby agree, stipulate and recommend to the Commission that it issue an Order approving Joint Applicants' application submitted to the Commission on November 1, 2007 for approval of a transfer and acquisition of control of Bright's, subject to the following terms and conditions:

I. ADOPTION OF CURRENTLY APPROVED RATES

Immediately upon the closing of the transaction, the Joint Applicants will adopt the currently approved rates and tariffs used by Bright's Propane Service, Inc. and file same with the Commission.

II. RATE FREEZE OF ONE YEAR

The Joint Applicants commit that the rates of Bright's Commission-jurisdictional customers will not be raised for the period of one year from the date of the approval of the transaction except for any change in commodity costs.

III. RELIABILITY OF SYSTEM

The Joint Applicants commit that Bright's Commission-jurisdictional system will be maintained and operated in a reliable manner. This includes the retention of the current employees, or the replacement of new employees with comparable skills and experience in the event the current employees in charge of the operations of Bright's leave.

IV. REASONABLE AND ADEQUATE SERVICE

The Joint Applicants commit that reasonable and adequate service will continue to be provided to Bright's Commission-jurisdictional customers following the closing of the transaction.

V. CUSTOMER RELATIONS

The Joint Applicants commit to maintain, if not exceed, the current level of customer relations with Bright's Commission-jurisdictional customers.

VI. RETENTION OF CURRENT EMPLOYEES

The Joint Applicants commit that the current employees will be retained unless those individuals voluntarily elect to seek other employment. However, the Joint Applicants will in no way materially alter the employees' job

descriptions, workforce environment, salary or benefits in such a way as to effectively cause the employee(s) to voluntarily terminate employment.

VII. NO ALLOCATION OF ACQUISITION PREMIUM TO COMMISSION-JURISDICTIONAL CUSTOMERS

Any acquisition premium paid by Heritage for Bright's shall not be "pushed down", or otherwise allocated to Bright's current or future Commission-jurisdictional customers.

VIII. NO CHANGE IN CONTROL PAYMENTS WILL BE ALLOCATED TO COMMISSION-JURISDICTIONAL CUSTOMERS

No change in control payments will be allocated to Bright's current or future Commission-jurisdictional customers.

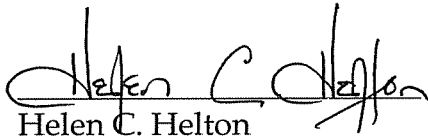
IX. NO CROSS-SUBSIDIZATION WITH AFFILIATES

Heritage commits to protect against cross-subsidization between its regulated and non-regulated operations in transactions with affiliates.

X. FUTURE RATE CASE(S)

The Joint Applicants commit that in any future rate case, Heritage will not seek a higher increase in its rates than it would have sought if the purchase had not occurred.

HAVE SEEN AND AGREED:



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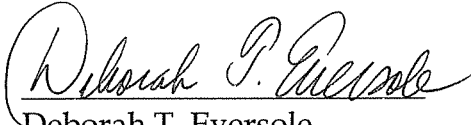
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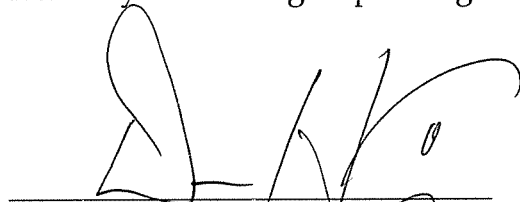
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