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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

October 26, 2009

PARTIES OF RECORD

Re: Case No. 2009-00362

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact James R. Goff at 502/564-3940, Extension 261.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director


JG/ew

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File
Case No 2009-00362

FROM: J. R. Goff 
Staff Attorney

DATE: October 26, 2009

RE: Case No. 2009-00362
Elam Utility Company, Inc.; Wilma Ison, President
Informal Conference in Show Cause Proceeding

On October 22, 2009, an informal conference was held pursuant to the request of Elam Utility Company, Inc. ("Elam") and Wilma Ison, President of Elam. Names of those present at the informal conference appear on the attached sign-in sheet.

The informal conference was held in regard to a show cause proceeding filed against Elam and its corporate officer, Wilma Ison, both as President of Elam and individually, for alleged violations relating to Elam's failure to submit its Gas Cost Adjustment ("GCA") filings as required by its tariff for a period of four quarters.

Elam and Ms. Ison acknowledged that each had failed to timely file Elam's GCA calculations for four quarters. During the conference, Ms. Ison, on behalf of Elam, acknowledged that, while the violations did occur, there were reasons for the failure to timely file and that those reasons are contained in the Response filed by Elam on October 2, 2009. Also present at the informal conference was Mr. David Harrod of Harrod & Associates, PSC, an accounting firm retained by Elam. Mr. Harrod confirmed that his company has been retained by Elam to obtain the required information and to prepare and file Elam's GCA applications.

Elam, Ms. Ison and Staff then discussed a settlement of the case and agreed in principle to a settlement. Elam and Ms. Ison agreed to waive a hearing and Elam agreed to pay a civil penalty of \$25 for each of the four violations of its tariff, with \$100 to be paid within 30 days of the date of a Commission Order approving the settlement.

Wilma Ison, as President of Elam, agreed to pay a civil penalty of \$10,000, with \$2,500 to be payable within 60 days of the date of a Commission Order approving the settlement. The balance of the civil penalty of \$7,500 would be suspended for 12 months, at which time, if no further violations relating to the timely filing of Elam's GCA have occurred, the balance will be forgiven. If any violation occurs, the entire probated balance shall become immediately due and payable.

Case File
October 26, 2009
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It was also agreed that, as part of the settlement, Commission Staff will conduct an examination of Elam's operations and financial records at a future date.

Staff is to prepare a settlement agreement incorporating the terms and submit it to Elam's counsel for signature. Staff agreed that, when Elam and its corporate officer sign the settlement, Staff will recommend that the Commission accept the agreement.

The meeting was adjourned.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CASE NO. 2009-00362

ELAM UTILITY COMPANY, INC. AND WILMA B. ISON, INDIVIDUALLY AND AS
AN OFFICER OF ELAM UTILITY COMPANY, INC.
VIOLATIONS OF FILED TARIFF GAS COST ADJUSTMENT CLAUSE

SIGN IN

October 22, 2009

PERSON

REPRESENTING

J.R. Goff

PSC LEGAL

Scott Lawless

PSC STAFF

Kim Ison Gevedon

Wilma Ison + Elam Utility

Shilma Box

Elam Utility Co.

Leah Faulkner

PSC

Vicky Townes

PSC - FA

Bacon Bunnell

PSC - FA

Daryl Hawley

PSC - FA

David Harrod

ELAM UTILITY (HARROD & ASSOC. PSC)