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RECEIVED

November 6, 2009

NOV 9 2009

PUBLIC SERVICE
COMMISSION

Mr. James R. Goff
Staff Attorney
Commonwealth of Kentucky
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Case No.: 2009-00362
Elam Utility Company, Inc.

Dear Mr. Goff:

Enclosed please find a fully executed Settlement Agreement in the above captioned matter. Should you have any questions or comments, please do not hesitate to contact me.

Very truly yours

Kim Ison Gevedon
HON. KIM ISON GEVEDON

KIG/tj
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

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)

CASE NO.
2009-00362

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered into this 6 day of November, 2009, by and between the STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY ("Commission Staff") and ELAM UTILITY COMPANY, INC. ("Elam") and Wilma B. Ison, individually and as an officer of Elam.

WITNESSETH:

WHEREAS, Elam operates a natural gas distribution system in Morgan and Wolfe counties, Kentucky and is subject to Commission jurisdiction pursuant to KRS 278.040; and

WHEREAS, Elam's only corporate officer is Wilma B. Ison, President; and

WHEREAS, on September 19, 2009, an Order was issued in this case to Elam and Wilma B. Ison, individually and as an officer of Elam, requiring each to show cause why each should not be assessed penalties pursuant to KRS 278.990; and

WHEREAS, Elam is alleged to be in willful violation of the provisions of its filed tariff by failure to timely file four quarterly Gas Cost Adjustments (“GCA”), each being a separate violation of KRS 278.160(2); and

WHEREAS, Wilma B. Ison, individually and as an officer of Elam, is alleged to have aided and abetted Elam in its willful violations of the provisions of its filed tariff by failure to timely file four quarterly GCAs, each being a separate violation of KRS 278.160(2); and

WHEREAS, an informal conference was held on October 22, 2009 between the parties and Commission Staff for the purpose of discussing the issues and of entering into a Settlement Agreement through compromise to settle the proceeding herein; and

WHEREAS, at the conference, Elam and Wilma B. Ison came to an agreement in principal with Commission Staff, subject to Commission approval, to dispose of all issues contained in this proceeding.

NOW, THEREFORE, Elam, Wilma B. Ison, and Commission Staff agree that:

1. Elam is in willful violation of findings 1-4 as contained in the Commission Order of September 19, 2009. Elam agrees to be assessed a civil penalty of \$25 for each of the violations, with the total of \$100 to be paid within 30 days of the date of an Order of the Commission approving this settlement.

2. Wilma Ison, as President of Elam, aided and abetted Elam in its willful violation of tariff provisions by failure to timely file its GCAs as stated in findings 1-4 above, being four separate violations of KRS 278.160(2) as contained in the Commission Order of September 19, 2009. Wilma Ison, individually, is to be assessed a civil penalty of \$2,500 for each of the four violations, for a total of \$10,000, of which

\$2,500 is to be paid within 60 days of the date of an Order of the Commission approving this settlement. The balance of the civil penalty of \$7,500 is to be suspended for 12 months from the date of an Order of the Commission approving this settlement, at which time, if no further violations have occurred, the balance of the civil penalty will be forgiven.

3. Elam and Wilma B. Ison each waive a formal hearing of all matters in this case.

4. Elam and Wilma B. Ison both agree to timely file Elam's GCA as set out in its tariff. However, if Elam experiences any difficulties in preparing its GCA, it will contact Commission Staff for assistance and direction prior to the due date of the GCA.


5. This Agreement is subject to the acceptance of and approval by the Public Service Commission.

6. If the Public Service Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward, and neither the terms of this Settlement Agreement nor any matters raised during settlement negotiations shall be binding on or be construed against Wilma B. Ison or Elam or Commission Staff.

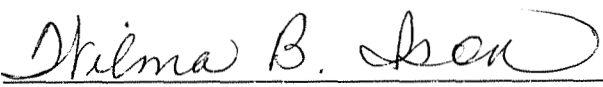
7. Commission Staff shall recommend to the Public Service Commission that this Settlement Agreement be accepted and approved.

IN WITNESS WHEREOF, Elam, Wilma B. Ison, and Commission Staff have executed this Settlement Agreement on the date first above written.

STAFF OF THE PUBLIC SERVICE
COMMISSION OF KENTUCKY

BY: 
James R. Goff, Staff Attorney

WILMA B. ISON AND
ELAM UTILITY COMPANY, INC.


Wilma B. Ison, Individually and as President of
Elam Utility Company, Inc.