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July 24, 2008

PARTIES OF RECORD:
Case No. 2007-00403
B.T.U. Gas Company, Inc.

Attached is a copy of the informal conference memorandum which is being filed in the record of the above-referenced case. If you wish to make any comments regarding the contents of the memorandum, please do so within five days of receipt of this letter. If you have any questions regarding the memorandum, please contact Virginia Gregg at 502/564-3940, Extension 407.

Sincerely,


for Stephanie Stumbo
Stephanie Stumbo by permission
Executive Director

VG:v

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2007-00403

FROM: Virginia Gregg, Staff Attorney *VG*

DATE: July 24, 2008

RE: **B.T.U. Gas Company, Inc.**
Alleged Violations of 807 KAR 5:006, 807 KAR 5:022,
807 KAR 5:027, and 49 C.F.R. 191-192

Pursuant to the Commission's June 9, 2008 Order in the above-referenced case, an informal conference was held at the Commission's offices on July 17, 2008. A list of attendees is attached hereto.

Beginning the conference Virginia Gregg stated that Commission Staff would prepare minutes of the conference for the case record, that a copy of the minutes would be provided to B.T.U. Gas Company, Inc. ("BTU"), and that BTU would be given an opportunity to submit comments to the minutes.

The participants discussed the alleged violations and BTU's response to the allegations. Prior to the conference, BTU had filed written responses to the alleged violations and to Commission Staff's data request. Compliance with federal and state regulations was discussed at length, including specific ways that BTU could correct its current deficiencies. Commission Staff provided copies of relevant regulations and sample documents for further guidance to BTU. The specifics of BTU's system and how its distribution lines connect and deliver gas to its customers were discussed and illustrated through sketches made by BTU and Commission Staff. Commission Staff stated that it considers BTU to be a gas distribution company. To the extent that BTU disagrees with this premise or has proof otherwise, it agreed to provide documentation.

Commission Staff agreed that the following would be provided to BTU:

- Federal and state regulations and relevant links;
- Information regarding Kentucky 811, the state's one-call center;
- Information regarding Kentucky Gas Association courses for employee training and qualification;
- Contractor's list;
- Maintenance schedules, and
- PHMSA forms and instructions for system Annual Report(s).

BTU agreed that the following would be provided to Commission Staff:

- A written Public Awareness Plan (following guidance of RP1162) /30 days;
- Operator Qualification Plan - Revised (including a list of covered tasks) /30 days;
- Operation and Maintenance Manual- update /60 days;
- All documents and Commission Orders that it has relied upon in its position that BTU's pipes/lines and operations do not constitute a gas distribution company subject to Commission jurisdiction /30 days;
- A list of all current BTU customers and their addresses;/10 days;
- Detailed maps of the systems of BTU and P&J Resources (including service lines, farm taps, line sizes, and ownership) /45 days;
- Written contract between BTU and P&J Resources /10 days; and
- Manual and model number of equipment used for Leak Surveys.

The conference then adjourned.

Attachment

cc: Parties of Record

Honorable Karen Chrisman
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