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## NEWS RELEASE

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# **PSC Authorizes Closure of Richardsville Gas System**

## ***Small utility in northern Warren County to shut down on Oct. 31***

**FRANKFORT, Ky. (Aug. 24, 2015)** – The Kentucky Public Service Commission (PSC) has authorized the closure of the Richardsville Gas Co. Inc., a utility serving about two dozen customers in northern Warren County.

In an order issued today, the PSC said that Richardsville Gas has no reliable source of supply of natural gas and therefore is incapable of providing adequate service.

A dwindling customer base also makes it impossible for the Richardsville Gas to take the steps needed to continue operations, the PSC said.

The PSC found that Richardsville Gas has been effectively abandoned and should be shut down. The PSC set Oct. 31 as the final day of operations, giving the remaining customers more than two months to find alternate heating sources before the onset of cold weather.

Richardsville Gas was ordered to notify its customers of the PSC decision and the impending closure of the system.

Richardsville Gas operates a distribution system with about 1.25 miles of pipes. The gas comes from two wells operated by a third party.

Prior to last winter, Richardsville Gas supplemented the well gas by feeding propane into the system. The propane plant failed last year. As a result, the utility was unable to maintain adequate pressure in the system, particularly at temperatures below freezing.

After receiving reports of service interruptions, the PSC in April opened an investigation into the adequacy of service provided by Richardsville Gas. On July 8, the PSC issued an order stating that Richardsville Gas was not providing safe and adequate service in accordance with PSC regulations and alleging that the utility had, in effect, been abandoned.

Richardsville Gas responded that it had no defense to the allegations and that it had run out of options to maintain adequate operations.

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The PSC conducted a formal evidentiary hearing on July 21 to consider whether Richardsville Gas had abandoned the system.

At that hearing, Joan Miller, who with her husband owns the utility, testified that:

- Richardsville Gas has been unable to secure an alternate and more reliable source of supply.
- The utility has lost more than half its customers since 2012 and had only 23 as of July 21. At least five of those were at least two months behind on their bills.
- Efforts to sell the utility had failed to find any interested potential buyers.
- The efforts to find a buyer were hampered by prohibitively high costs for stand-alone liability insurance. (Miller stated that Richardsville Gas receives less expensive coverage under a policy held by the propane supply company she and her husband own and operate.)
- Replacing the propane system would cost at least \$10,000 and was financially impossible for the utility.

Miller said that she has been informing customers about how to switch from natural gas to propane, adding that she has not been soliciting them to switch to the supplier that she and her husband own. Most of the customers that have left Richardsville Gas have converted to propane, she said.

No other witnesses appeared at the hearing, nor did any Richardsville Gas customers submit public comments.

In today's order, the PSC said that "it appears obvious that the system cannot be brought into compliance with (PSC) regulations." Furthermore, the owners "have clearly explored all available options" for either improving service or selling the utility, the PSC said.

The PSC noted that the inability to maintain adequate pressure in the winter not only results in poor service but also creates safety hazards due to the frequency with which appliances go out and customers have to relight pilot lights.

In addition to ordering the cessation of operations, the PSC directed Richardsville Gas to mail shut-down notices to its customers within 10 days, to submit a closure and safety plan to the PSC within 20 days, and to file certain other reports with the PSC by the end of this year.

A video of the hearing, today's order and documents in the case are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2015-00099.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 85 employees.