

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DAVIS BRANCH GAS COMPANY)
FAILURE TO COMPLY WITH)
COMMISSION REGULATIONS) CASE NO. 9624

SHOW CAUSE ORDER

On June 9, 1986, a comprehensive safety inspection was conducted on the Davis Branch Gas Company ("Davis Branch") located near Paintsville, Kentucky. Davis Branch was cited for 30 violations to the Commission's regulations, including the gas safety regulations 807 KAR 5:022. Attached as Appendix A is a copy of the 1986 inspection report which lists each specific violation. These violations are identical to those for which Davis Branch was cited during the Commission's 1985 comprehensive inspection. A copy of the 1985 inspection report is attached as Appendix B.

Davis Branch does not have a full-time employee to maintain and monitor the system's equipment and facilities and Mrs. Lenore Gullett, the owner and operator, does not appear to be knowledgeable of the requirements pursuant to an operation of a gas utility jurisdictional to the Commission. Many of the violations cited in 1985 and 1986 are safety related, including numerous gas leaks which Davis Branch has refused to repair. The Commission is of

the opinion that Davis Branch's current management is unwilling to perform those activities necessary to conform to the Commission's regulations for a gas utility operator.

Davis Branch also has a delinquent bill for gas purchased from its supplier, Paintsville Utilities, exceeding \$12,000. This delinquency has occurred due to Davis Branch paying its supplier approximately \$1.00/Mcf more than the customers of Davis Branch are charged per Mcf. Paintsville has also threatened to suspend its gas deliveries to Davis Branch until the delinquent bill is resolved.

Due to the potentially dangerous situation regarding gas leaks, the failure of Davis Branch to comply with the Commission's regulations, and the potential suspension of Davis Branch's gas supply, the Commission finds it necessary for Davis Branch to explain why it has not complied with the Commission's regulations and what Davis Branch's intentions are towards resolution of its delinquent account with Paintsville Utilities.

IT IS THEREFORE ORDERED that Davis Branch shall appear before the Commission on August 13, 1986, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 2 of the Commission's offices at Frankfort, Kentucky, to show cause why it should not be penalized for failure to comply with the Commission's regulations, and to present evidence regarding correction of its cited violations and resolution of the delinquent bill with its gas supplier.

Done at Frankfort, Kentucky, this 18th day of July, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Herman, Jr.
Chairman

Richard L. ...
Vice Chairman

Steve M. Williams
Commissioner

ATTEST:

Executive Director

R E P O R T

TO: Claude G. Rhorer, Jr., Director *CR*
Division of Utility Engineering
and Services

THRU: E. Scott Smith, Chief Engineer *ESS*
Larry L. Amburgey, Investigator Supervisor *LA*

FROM: Jeffrey M. Schroeder
Utility Investigator

DATE: June 23, 1986

RE: Annual Comprehensive Inspection of Davis Branch Gas
Company, Paintsville, Kentucky

BRIEF

On June 9, 1986, I inspected Davis Branch Gas Company (Davis Branch). Davis Branch is an intrastate natural gas utility serving natural gas to 49 customers near Paintsville, Kentucky.

This inspection was conducted in accordance with our goal of inspecting each natural gas utility at least annually.

INSPECTION

I contacted Mrs. Lenora Gullett, President, at her home on Davis Branch to discuss the August 1985 Report and her response 3 months later. In my 1985 Report 30 deficiencies were cited. Mrs. Gullett could not show me during this inspection that any of these have been corrected. The same 30 deficiencies will be cited in this report. Mrs. Gullett said that two leaks that were found in 1985 have been repaired. However, others are still leaking. Mrs. Gullett stated about the other leaks, "other leaks will cost too much to fix", and "they would have to tear up a patio", and "the other leaks don't amount to much", and finally "residents

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not complained." I have tried to explain to her that all leaks must be repaired to protect the public, prevent damage to property and to save the company money.

Mrs. Gullett could not understand why I was inspecting her company since I was just there in August 1985. I again tried to explain that we inspect annually but not exactly 12 months apart.

Mrs. Gullett is unaware of all the responsibilities and duties of operating a utility. She apparently does not know the regulations and has made no effort to comply with past reports.

After discussing all past deficiencies Mrs. Gullett stated that Dr. Hall, who owns the system, was going to give it to the city (Paintsville Utilities), by the beginning of July. I asked if I could talk to Dr. Hall about this and she said that I shouldn't. Then I wanted to talk to Paintsville Utilities and again she said that I shouldn't. I then told her I would be back during the first week of July for a reinspection.

Mrs. Gullett says that a complete leak survey was performed. However, she could not find any records or could not remember who did it.

After leaving Mrs. Gullett, I travelled along Davis Branch and found exposed plastic and unapproved fittings as I found in 1985. There was no anyone available to travel with me through the system.

FINDINGS

After a review of my notes the following deficiencies or violations were found at Davis Branch.

1. Emergency Plan is outdated and contains material not applicable to Davis Branch. [807 KAR 5:022, Section 13(9)]
2. Operation and Maintenance Plan contains material not applicable to Davis Branch. [807 KAR 5:022, Section 13(3)]
3. Operation and Maintenance Plan is not being followed. [807 KAR 5:022, Section 1(7)]
4. Odorant check is not performed weekly and recorded as required. [807 KAR 5:022, Section 13(17)]
5. Annual Leak Report (DOT Form) has not been submitted for 1984 and 1985. [807 KAR 5:027]
6. The Annual Report of Meters, Customers and Refunds for 1984 and 1985 on our PSC Form has not been filed. [807 KAR 5:022, Section 3(2)]
7. No procedures for continuing surveillance of the system. [807 KAR 5:022, Section 13(7)]
8. No records for patrolling of gas facilities. [807 KAR 5:022, Section 14(12)]
9. No records of maintenance of regulators and relief valves. [807 KAR 5:022, Section 14(21)]

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10. No records of main line valves. [807 KAR 5:022, Section 14(25)]
11. Meter records are not kept. These shall include, type, size, manufacturer, location, previous location, test results . . . [807 KAR 5:022, Section 15(2)]
12. Davis Branch is behind on its 10 year meter changeout program. [807 KAR 5:022, Section 8(5)]
13. Davis Branch does not have a customer refund policy. [807 KAR 5:022, Section 9]
14. No corrosion control records. [807 KAR 5:022, Section 10(1)]
15. No system-wide map drawn to scale is available. [807 KAR 5:006, Section 17]
16. Davis Branch has no record of a leak survey. [807 KAR 5:022, Section 14(13)]
17. No qualified written welding procedures. [807 KAR 5:022, Section 5(2)(a)]
18. No qualified written procedures for joining plastic. [807 KAR 5:022, Section 6(2)(b)]
19. No person qualified to join plastic pipe. [807 KAR 5:022, Section 6(8)]
20. No person qualified to inspect plastic pipe joints. [807 KAR 5:022, Section 6(9)]

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21. Cathodic protection is not perform by qualified person. [807 KAR 5:022, Section 10(3)]
22. Atmospheric corrosion exists at meter sets. [807 KAR 5:022, Section 10(16)]
23. Davis Branch does not have proper equipment to perform every day duties on a natural gas utility.
24. Several areas were found where plastic pipe is above ground. [807 KAR 5:022, Section 7(12)]
25. Unacceptable hose clamps are used. [807 KAR 5:022, Section 6(6)]
26. Gas employees have not been properly trained. [807 KAR 5:022, Section 13(9)(b)(2)]
27. A continuing education program has not been established. [807 KAR 5:022, Section 13(9)(c)]
28. Davis Branch does not have a Damage Prevention Program. [807 KAR 5:022, Section 13(8)]
29. Davis Branch does not have a recording gauge to record the pressure on the system. [807 KAR 5:022, Section 14(22)]
30. Davis Branch needs to install a relief valve at the meter station. [807 KAR 5:022, Section 14(23)]

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RECOMMENDATIONS

As stated in the inspection portion of this report, the City of Paintsville is considering taking over the gas services of Davis Branch. Until any such actions occur Davis Branch remains a utility under the jurisdiction of the Public Service Commission. Therefore, it is recommended that Davis Branch be ordered to appear before the Commission to show cause why it need not comply with Commission regulations and to show cause why it should not be penalized.

Respectfully submitted,



Jeffrey M. Schroeder
Utility Investigator

JMS/lr



APPENDIX B

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 26, 1985

Mrs. Lenore Gullett, President
Davis Branch Gas Company
Route 87, Box 1210
Paintsville, Kentucky 41240

Dear Mrs. Gullett:

Enclosed you will find a copy of the recent Comprehensive Inspection as performed by our staff. Please respond to the cited deficiencies by October 25, 1985. Your response should include a schedule of when these deficiencies will be corrected. If you have questions concerning this Report, please contact Jeffrey M. Schroeder at (502) 564-5012.

Sincerely,

A handwritten signature in cursive script, appearing to read "Claude G. Rhorer, Jr.".

Claude G. Rhorer, Jr., Director
Division of Utility Engineering
and Services

CGR/JMS/lr

Enclosure

R E P O R T

TO: Claude G. Rhorer, Jr., Director *CR*
Division of Utility Engineering
and Services

THRU: E. Scott Smith, Chief Engineer
Larry L. Amburgey, Investigator Supervisor *LA*

FROM: Jeffrey M. Schroeder
Utility Investigator

DATE: September 18, 1985

RE: Annual Comprehensive Inspection on
Davis Branch Gas Company

BRIEF

On August 19, 1985, I inspected Davis Branch Gas Company (Davis Branch). This inspection was conducted in accordance with our goal of inspecting each natural gas utility at least annually and in accordance with our pipeline safety agreement with the United States Department of Transportation (US-DOT).

Davis Branch is an intrastate natural gas utility operating in the Commonwealth of Kentucky and is subject to the federal pipeline safety regulations as adopted by the Kentucky Public Service Commission (PSC). As the agent for the US-DOT, the PSC inspects all facilities in the Commonwealth for compliance with the safety regulations.

INSPECTION

I first met with Mrs. Lenore Gullett at her home/office. I discussed records which are required by state regulations. Davis Branch does not have any records available for our review. Mrs. Gullett let me review a copy

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of an old Operation and Maintenance Plan and an old Emergency Plan. These plans need updating and a review to eliminate unnecessary information.

I proceeded with the field portion of this inspection accompanied by Mr. Charles Barber. Mr. Barber does not work for Davis Branch, however, he is a customer and knows where all other customers live on this small system.

I conducted a leak survey on a portion of the system and found several leaks. These leaks should be corrected immediately. Also, I found several locations where plastic was installed above ground with unacceptable hose clamps.

All gas is now purchased from Paintsville Utilities. I was told that Davis Branch is reworking the well behind Mrs. Gullett's house. If this well is tied in to the meter at the well, the meter must be tested and all plastic lines around the area must be buried.

FINDINGS

After a review of my notes I have found the following deficiencies at Davis Branch.

1. Emergency Plan is outdated and contains material not applicable to Davis Branch. [807 KAR 5:022, Section 13(9)]
2. Operation and Maintenance Plan contains material not applicable to Davis Branch. [807 KAR 5:022, Section 13(3)]

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3. Operation and Maintenance Plan is not being followed. [807 KAR 5:022, Section 1(7)]
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5. Annual Leak Report (DOT Form) has not been submitted for 1984. [807 KAR 5:027]
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12. Davis Branch is behind on its 10 year meter changeout program. [807 KAR 5:022, Section 8(5)]
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29. Davis Branch does not have a recording gauge to record the pressure on the system. [807 KAR 5:022, Section 14(22)]
30. Davis Branch needs to install a relief valve at the meter station. [807 KAR 5:022, Section 14(23)]

CONCLUSION

It is concluded that Davis Branch does not have any full time qualified employees to run this natural gas system. A large number of deficiencies exists that will have to be

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corrected. If this system under the current management can not be operated safely and in accordance with our state regulations someone else should be found to operate this system.

Paintsville Utilities supplies gas so they would be a reasonable choice to operate the system which contains only 49 customers. They have equipment and trained personnel.

RECOMMENDATION

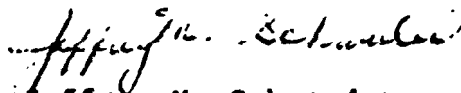
It is recommended that Davis Branch immediately conduct a complete leak survey to repair any leaks before the heating season of 1985.

It is further recommended that, with the help of the Small Operators Manual, Davis Branch improve and update both the Emergency Plan and Operating and Maintenance Plan.

It is further recommended that Davis Branch abandon the old line where the new plastic line could serve customers. This would eliminate several leaks.

Finally it is recommended that all other deficiencies be corrected in order of public safety. A copy of this report should be sent to Davis Branch with a request that they respond to all the above cited deficiencies by October 25, 1985.

Respectfully submitted,


Jeffrey M. Schroeder

JMS/lr