

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LYDA GAS COMPANY'S FAILURE TO) CASE NO.
COMPLY WITH COMMISSION REGULATIONS) 9651

SHOW CAUSE ORDER

On May 6 and 7, 1986, a comprehensive safety inspection was conducted on Lyda Gas Company ("Lyda") located in Elkhorn City, Kentucky. Eleven violations to the Commission's regulations were found, including numerous violations of the gas safety regulations (807 KAR 5:022). Attached as Appendix A is a copy of the safety inspection report which lists each of these violations.


A review of the Commission's past annual safety inspections conducted on Lyda demonstrates that Lyda has been cited repeatedly for many of these same violations. While some are related to recordkeeping requirements, the Commission must emphasize the importance of maintaining adequate, up-to-date records. Without such records the Commission cannot verify that the necessary safety measures required of a gas utility operator have been initiated. Based upon its experiences with other small gas utilities, the Commission is of the opinion that incomplete or non-existent records indicate the required actions have not been completed, or have been performed inconsistently.

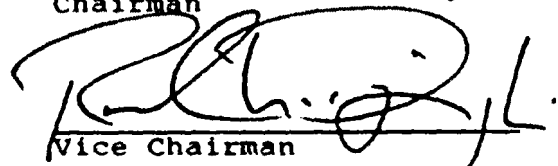
Due to Lyda's inability and/or unwillingness to respond to and initiate in an effective manner the Commission's numerous directives, particularly regarding the maintenance of its pipeline facilities, the Commission finds it necessary for Lyda to demonstrate the reasons why it need not comply with the Commission's regulations and why Lyda should not be fined for its numerous violations.

IT IS THEREFORE ORDERED that Lyda shall appear before the Commission on September 10, 1986, at 1:30 p.m., Eastern Daylight Time, in Hearing Room #2 of the Commission's offices to show cause why it should not be fined for repeated violations to the Commission's regulations, and to demonstrate what corrective actions it intends to take to comply with the Commission's regulations.

Done at Frankfort, Kentucky, this 4th day of August, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director



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

July 8, 1986

Mr. Mabry Holbrook, President
Lyda Gas Company
P. O. Box 772
Martin, Kentucky 41649

Dear Mr. Holbrook:

Enclosed is a copy of the recent 1986 Comprehensive Inspection which was conducted on Lyda Gas Company.

Please respond to the cited deficiencies before August 6, 1986, as requested in the recommendations of the Report.

If you have any questions or need additional information please contact Jeffrey 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
Division of Utility Engineering and Services *OK*

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

FROM: Jeffrey M. Schroeder
Utility Investigator

DATE: July 7, 1986

RE: Comprehensive Inspection of Lyda Gas Company,
Elkhorn City, Kentucky

BRIEF

On May 6 and 7, 1986, I inspected Lyda Gas Company (Lyda). This inspection was conducted in accordance with our goal of inspecting each natural gas utility at least annually. Lyda is an intrastate natural gas distribution utility operating in the Commonwealth of Kentucky.

INSPECTION

Lyda is owned and operated by Mabry Holbrook. Thirty-five customers are served from a well located across the Russell Fork River. The outlet pressure from the well is 535 psig. The first reduction of pressure is approximately 50 feet downstream where the pressure is decreased to 55 psig. At this regulator station Lyda does not have a relief valve. Another regulator is located 500 feet downstream where the pressure is then decreased to 20 psig. The line is then encased in plastic and hung from a cable as it crosses the river. At the base of this crossing plastic P/E pipe was exposed. The line then runs to a third regulator station

where the pressure is further decreased to 6-8 ounces. This station does have a relief valve. However, at least one customer is served off the line with 20 psig. With no relief capability, the potential pressure could go as high as 535 psig.

The line loss for Lyda cannot be determined because the gas is not metered at the well. Lyda's purchases are the same as the sales to the customers. Many deficiencies pertaining to record keeping were found.

FINDINGS

After a review of my notes the following violations were found:

1. Records for annual maintenance on regulators were not available. [807 KAR 5:022, Section 14(21)]
2. Records for annual maintenance on relief valve were not available. [807 KAR 5:022, Section 14(23)]
3. Records for annual maintenance of main line valves were not available. [807 KAR 5:022, Section 14(25)]
4. Meter history records are not kept. [807 KAR 5:006, Section 15]
5. Ten year meter test and change-out program is not up-to-date. [807 KAR 5:006, Section 13]
6. Weekly odorization "sniff" tests are not performed. [807 KAR 5:022, Section 13(17)]


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7. Lyda does not have a Damage Prevention Program and does not comply with any of the requirements under this regulation. [807 KAR 5:022, Section 13(8)]
8. Lyda does not have corrosion control on the system and does not meet any requirement of corrosion control. [807 KAR 5:022, Section 10]
9. Plastic pipe was found above ground. [807 KAR 5:022, Section 7(12)]
10. Unapproved fitting was found on plastic pipe. [807 KAR 5:022, Section 6(7)]
11. Lyda does not have adequate overpressure protection at two regulating stations or at the well. [807 KAR 5:022, Section 4(30)]

RECOMMENDATIONS

Lyda Gas has repeatedly been cited for many of these violations. It is therefore recommended that a show cause order accompany this report ordering Lyda to present to the Commission, if it can, reasons why it need not comply with state regulation or be penalized for not correcting repeated violations.

Respectfully submitted,


Jeffrey M. Schroeder
Utility Investigator

JMS/lr