

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELZIE NEELEY GAS COMPANY'S )  
FAILURE TO COMPLY WITH THE ) CASE NO. 9878  
COMMISSION'S REGULATIONS )

SHOW CAUSE ORDER

On June 25-26, 1986, a comprehensive safety inspection was conducted on Elzie Neeley Gas Company ("Elzie Neeley") located in Prestonsburg, Kentucky. Elzie Neeley is owned and operated by Mike Little. Several violations to the Commission's regulations were found. Attached as Appendix A is a copy of the safety inspection report which lists each of these violations.

A copy of the comprehensive safety inspection report was submitted to Mr. Little on July 2, 1986, requesting that he acknowledge receipt and reply before August 15, 1986. No response has been received by the Commission, a violation of KRS 278.230 and 807 KAR 5:006, Section 3(3). A reminder letter was sent to Mr. Little on January 8, 1987, stating that absent a response before January 19, 1987, the Commission would initiate show cause proceedings. As of the date of this Order the Commission has still received no response, more than 8 months since the report was initially submitted to Mr. Little.

Response to a safety inspection report in a timely manner is necessary to allow the Commission to determine if any corrective

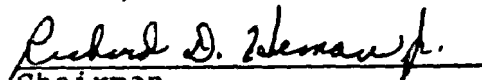
action has been taken, or when the corrective action is scheduled, and if any follow-up action may be necessary. It also demonstrates a good faith effort on the operator's part to comply with the regulations. In this instance a follow-up inspection was conducted on November 11, 1986, through which it was determined that most of the deficiencies cited in June 1986 had been corrected. Mr. Little has made no effort to advise the Commission of the status of compliance nor requested any extension of time to reply. Only through the Commission's own initiative has Elzie Neeley's degree of compliance been determined.


Due to Mr. Little's unwillingness to comply with the regulations regarding response to a Commission report, the Commission finds it necessary for Mr. Little to demonstrate why he need not comply with KRS 278.230 and the Commission's regulation and why he should not be fined for the violation.

IT IS THEREFORE ORDERED that Elzie Neeley shall appear before the Commission on April 9, 1987, at 10:30 a.m., Eastern Standard Time, in the Commission's offices, Frankfort, Kentucky, to show cause why it should not be fined pursuant to KRS 278.990 for violating KRS 278.230 and 807 KAR 5:006, Section 3(3), and to demonstrate what corrective action it intends to take to comply with the regulation.

Done at Frankfort, Kentucky, this 10th day of March, 1987.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director



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

July 2, 1986

Mr. Mike Little, President  
Elzie Neeley Gas Company  
P. O. Box 69  
Melvin, Kentucky 41650

Dear Mr. Little:

Enclosed is a copy of the recent comprehensive inspection report of the Elzie Neeley Gas Company as performed by our staff.

Please acknowledge receipt and reply before August 15, 1986, as requested in the recommendations of the Report.

If you have any questions or need additional information please contact Mark Rogers at 502-564-4309.

Sincerely,

A handwritten signature in cursive script, reading "Claude G. Rhorer, Jr.".

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

CGR/MLR/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 *ES*  
Larry L. Amburgey, Investigator Supervisor *LA*

FROM: M. L. Rogers, Utility Investigator *MR*

DATE: July 2, 1986

RE: Comprehensive Inspection of Elzie Neeley Gas Company,  
Goble-Roberts Addition, Prestonsburg, KY

BRIEF

On June 25 and 26, 1986, Staff Investigator R. E. Bruflat and I inspected Elzie Neeley Gas Company (Elzie Neeley). This inspection was conducted in accordance with our goal of inspecting each jurisdictional gas utility annually.

Elzie Neeley is a small intrastate natural gas distribution utility operating in Kentucky. The Kentucky PSC inspects all jurisdictional gas facilities in Kentucky for compliance with the safety and service regulations.

INSPECTION

On June 25, 1986, Mr. Bruflat and I met with Mike Little at Prestonsburg, Kentucky. At this time Mr. Little and I toured the Elzie Neeley system, starting at the purchase station through the residential areas including the master meter station for a housing project. On June 26, 1986, we met with Mr. Little in his office at Melvin, Kentucky, where we reviewed the maps and records of Elzie Neeley.

REPORT - Elzie Neeley Gas Company  
Page Two  
July 2, 1986

Elzie Neeley has approximately 95 percent plastic pipe in its system. The small percentage of steel has no corrosion control. The scheduled replacement in 1985 of the steel has not been done. See attached letter dated November 21, 1985, from Mike Little, also letter dated February 28, 1985.

#### FINDINGS

After a review of past inspection reports and the safety inspection form used during my investigation the following deficiencies or violations exist at Elzie Neeley:

1. There is no corrosion control program on this system, therefore no records exist, and there is no qualified person to implement such a program. [807 KAR 5:022, Section 10(1) and (3)] This is a repeat violation from the last two inspections.
2. Exterior shut off valve at purchase station needs to be located and marked (heavy brush area).
3. All meter sets at the south end of the system show atmospheric corrosion and need to be painted. [807 KAR 5:022, Section 9(20)]
4. Riser on L.V.M. at the housing project shows excessive corrosion.
5. Meter records on forms furnished by meter tester, all meter information should be on meter history

REPORT - Elzie Neeley Gas Company  
Page Three  
July 2, 1986

cards, numerically arranged and classified. [807  
KAR 5:006, Section 15]

6. Operating and Maintenance Plan's pages need proper identification, such as page number, form number or exhibit number and date.


#### RECOMMENDATIONS

It is recommended that Elzie Neeley:

1. Send a schedule of when total system replacement with plastic will be completed, or when corrosion control protection will be installed.
2. Replace corroded riser on Master Meter.
3. Locate and mark the exterior valve at purchase station.
4. Paint all meter sets in south end of system.
5. Use standard meter history cards.
6. Number and date operating and maintenance plan's pages.

Finally it is recommended that a copy of this report be sent to Elzie Neeley directing it to submit by August 15, 1986, a compliance schedule of all above listed deficiencies.

Respectfully Submitted,

  
Marcus L. Rogers  
Utility Investigator

MLR/lr  
Attachments

*Mike Little Gas Company, Inc.*

P.O. BOX 69  
MELVIN, KENTUCKY 41650

November 21, 1985

*JMS*  
RECEIVED

NOV 25 1985

DIVISION OF UTILITY  
ENGINEERING & SERVICES

Mr. Claude G. Ehorer, Jr., Director  
Division of Utility Engineering and Services  
Public Service Commission  
730 Schenkel Lane  
P.O. Box 615  
Frankfort, Kentucky 40602

Dear Mr. Ehorer:

RE: Utility Inspection - Elsie Keeley Gas Co. 10/25/85

I had planned to replace the remaining steel lines and rebuild the housing authority border station this fall, but, I couldn't get back to do this project because of a situation coming up in Phelps. It will be the first job I will start in the Spring 1986.

As for the leaks found in the service line and in the main, have been repaired.

Corrosion control won't be necessary after construction has been completed in the spring.

Odorization is being checked weekly and being recorded.

Customer's exposed service line has been buried.

Our meter change out program will be brought up to date before the end of 1985. All meter reports will be on the computer in the near future.

Sincerely,

*Mike Little*

MIKE LITTLE, PRESIDENT  
ELSIE KEELEY GAS COMPANY



# Mike Little Gas Company, Inc.

P.O. BOX 69  
MELVIN, KENTUCKY 41680

February 29, 1985

Mr. Claude G. Rhoman, Jr., Director  
Division of Utility Engineering & Services  
Public Service Commission  
270 Technical Lane  
P.O. Box 615  
Frankfort, Kentucky 40602

RECEIVED

FEB 04 1985

DIVISION OF UTILITY  
ENGINEERING & SERVICES

Dear Mr. Rhoman:

Re: Inspection report dated September 17, 1984

In response to your inspection of Mike Little Gas Company dated September 17, 1984, the following deficiencies have been brought up to date:

- (1) 207 XLR 5:027  
The controlling records have been filled out and are on file in our office.
- (2) The regulators and relief valves at the border station belong to Columbia Gas and they maintain them.
- (3) Valve inspections have been made and reported on proper forms.
- (4) There is no computer control and this upon the system will be completed with plastic pipe.
- (5) The plastic connection is being taken care of with instructions from the Federal gas, the plastic pipe is OVI, model 1010-144, NSI Code 187.1
- (6) Plastic service lines owned by customer.

Thank you for being patient.

Sincerely,

*Mike Little*

MIKE LITTLE, PRESIDENT  
MIKE LITTLE GAS COMPANY, INC.