

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

HAZARD GAS COMPANY)
)
) CASE NO. 97-063
)

ALLEGED VIOLATION OF 807 KAR)
5:022, SECTION 7(12)(a) AND 807 KAR)
5:006, SECTION 14(b).)

O R D E R

On December 27, 1996, the Commission conducted a follow-up inspection of the gas facilities owned and operated by Hazard Gas Company ("Hazard Gas"). As a municipal system, Hazard Gas falls under the Commission's jurisdiction over municipal gas facilities pursuant to KRS 278.040, KRS 278.495 and through a 5(a) agreement with the United States Department of Transportation, Office of Pipeline Safety, for the enforcement of the Natural Gas Pipeline Safety Act of 1968.

Hazard Gas was initially inspected on July 25-26, 1996 and two deficiencies were noted. Hazard Gas was cited for not maintaining quarterly patrolling records as required by 807 KAR 5:022, Section 14(12), and for three locations where plastic pipe was found above ground, a violation of 807 KAR 5:022, Section 7(12)(a). Hazard Gas was advised to respond with a schedule for compliance no later than September 23, 1996.

During a follow-up inspection on October 15, 1996, Commission Investigators noted that the first deficiency had been corrected, however, the deficiencies involving above-ground plastic pipe had only been partially corrected. The two customer service

lines located above-ground in violation of 807 KAR 5:022, Section 7(12)(a), had not been buried as required.

Hazard Gas was notified by letter dated October 18, 1996 that the remaining deficiency should be corrected no later than December 15, 1996 to avoid subsequent action by the Commission. The follow-up inspection on December 27, 1996 revealed that the deficiency has not been corrected.

Hazard Gas has notified the two respective customers of the violations noted above. Although the above ground plastic pipe is on the customer's side of the meter and customers are normally responsible for maintenance and repairs on the customer-owned portion of a service line, Hazard Gas is responsible under 807 KAR 5:006, Section 14(b), for correcting dangerous conditions found on customer-owned portions of its system. As above ground plastic pipe represents a dangerous condition due to the possibility of deterioration from exposure to ultraviolet light and the potential for rupture from external forces, Hazard Gas is responsible for curing the violation or terminating gas flow to the customers until the unsafe condition is corrected.

From the facts alleged, the Commission finds that a prima facie showing has been made that Hazard Gas has failed to correct two instances of above ground plastic pipe in violation of 807 KAR 5:022, Section 7(12)(a) and 807 KAR 5:006, Section 14(b). KRS 278.992 provides that any person who violates any Commission regulation governing the safety of gas pipeline facilities shall be subject to a civil penalty not to exceed \$10,000 for each violation for each day the violation persists, not to exceed \$500,000 for any related series of violations.

IT IS THEREFORE ORDERED that:

1. Hazard Gas shall appear before the Commission on April 25, 1997, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, to show cause, if any it can, why civil fines should not be assessed for the pipeline safety violations noted herein.

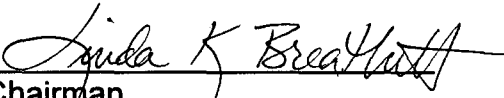
2. Hazard Gas shall file, within 7 days of the date of this Order, a written response to the Commission Inspection Report attached as an Appendix to this Order.

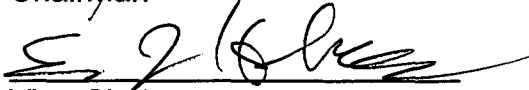
3. In lieu of its appearance at the formal hearing, Hazard Gas may, by appropriate motion filed within 10 days of this Order, request an informal conference be held for the purpose of addressing the violations noted herein.

4. Hazard Gas shall immediately notify each of the two customers that gas service will be terminated within 3 days and shall remain so until the above ground plastic pipe is buried or replaced with coated steel in conformity with the Commission's pipeline safety regulations. Hazard Gas shall notify the Commission by writing within 7 days of the date of this Order that such steps have been taken.

Done at Frankfort, Kentucky, this 18th day of February, 1997,


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 97-063 DATED FEBRUARY 18, 1997



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

January 8, 1997

Mr. Vernon Keith
Gas Superintendent
Hazard Gas Company
P. O. Box 420
700 Main Street
Hazard, KY 41702

Dear Mr. Keith:

Attached is a follow-up inspection report of the natural gas facilities of Hazard Gas Company of the city of Hazard, Kentucky, which was performed by Michael C. Nantz on December 27, 1996. This is the second follow-up inspection since the July 25-26, 1996 comprehensive inspection.

In my October 18, 1996 letter, it was requested that 807 KAR 5:022, Section 7(12)(a), be abated by December 15, 1996 or the possibility of enforcement action could be taken against Hazard Gas Company. This violation has not been abated.

It is recommended that the Commission proceed with a Show Cause hearing to allow the Hazard Gas Company to supply information as to why this deficiency has not been abated and why penalties should not be levied against the company.

Sincerely,

E. Scott Smith, Manager
Gas Pipeline Safety Branch

ESS:MCN:dcp
9625100/9625101/9625102

Attachment

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

FOLLOW-UP INSPECTION REPORT

HAZARD GAS COMPANY
Hazard, Kentucky

January 8, 1997

BRIEF

A follow-up inspection of the natural gas facilities of the Hazard Gas Company ("Hazard") was conducted on December 27, 1996. This inspection was conducted in accordance with the Public Service Commission's ("PSC") program of inspecting all local gas distribution companies under its jurisdiction. Natural gas operators are jurisdictional to the PSC under KRS 278.040, 278.495 and also through a 5(a) Agreement with the United States Department of Transportation, Office of Pipeline Safety, for the enforcement of the Natural Gas Pipeline Safety Act of 1968.

INSPECTION

Two deficiencies were cited during the course of the initial inspection of July 25-26, 1996.

The first was a violation of 807 KAR 5:022, Section 14(12), which was noted that Hazard had no quarterly patrolling records available. A follow-up visit on October 15, 1996, found that this deficiency had been abated.

The second deficiency was a violation of KAR 5:022, Section 7(12)(a), which involved two customer-owned service lines that were plastic and not buried as required by regulation. A follow-up investigation on October 15, 1996, found that this deficiency had not been abated. Notification by letter dated October 18, 1996 requested that the

remaining deficiency, 807 KAR 5:022, Section 7(12)(a), be abated by December 15, 1996 or the possibility of enforcement action could be taken against Hazard.

FINDINGS

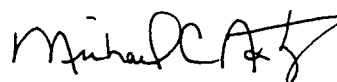
On December 27, 1996, an additional follow-up inspection was made concerning the remaining deficiency and neither service line had been corrected.

Aboveground plastic pipe is a violation of KAR 5:022, Section 7(12)(a). The fact that the violation occurs on the customer side of the meter places the responsibility of correcting the condition with the customer. However, the operator has responsibility under KAR 5:006, Section 14(b) to take actions to correct conditions existing on the customer owned portion of the system that is deemed as a dangerous condition. The danger involves deterioration from ultraviolet light and the potential of external forces causing a rupture of the plastic pipe. Hazard has notified the two customers of the condition and requested the pipe be buried or replaced with coated steel.

RECOMMENDATION

It is recommended that the Commission proceed with a Show Cause hearing to allow Hazard to supply information as to why this deficiency has not been abated and why penalties should not be levied against the company.

Respectfully submitted,



Michael C. Nantz
Gas Utility Investigator

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INSPECTIONS CONCLUDED BETWEEN 07/01/96 AND 01/05/97

UTILITY ID: 30007185

COMPANY NAME: CITY OF HAZARD GAS COMPANY

INSPECTION NBR:96 251 00 UNIT:00/
GAS OPERATION TYPE: GAS - MUNICIPALS/UNIV./HOUSING TYPE OF GAS: NATURAL
LINE SEG/VALVE SECT: MILE POST: INSP. TYPE:B COMPREHENSIVE
COMPRESSOR STATION/NBR: NAME: NBR. OF VIOLATIONS: 2
TYPE OF PIPE IN SYSTEM:
INSP. NAME:NANTZ BEGIN DATE: 7/25/96 END DATE: 7/26/96 D.O.T. DAYS: 2
RESP. DUE:12/15/96 NOTICES:(1) 8/22/96 (2) 10/18/96 (3) (4)
RESULT OF INCIDENT REPORT? N INCIDENT REPORT NUMBER:
REMARKS:No qtrly patrolling records, aboveground plastic pipe (3 locations)
ENTRY DATE: 8/15/96

INSPECTION NBR:96 251 01 UNIT:00/
GAS OPERATION TYPE: GAS - MUNICIPALS/UNIV./HOUSING TYPE OF GAS: NATURAL
LINE SEG/VALVE SECT: MILE POST: INSP. TYPE:E REINSPECTION
COMPRESSOR STATION/NBR: NAME: NBR. OF VIOLATIONS:
TYPE OF PIPE IN SYSTEM: PLASTIC
INSP. NAME:NANTZ BEGIN DATE:10/15/96 END DATE:10/15/96 D.O.T. DAYS: 1
RESP. DUE: NOTICES:(1) 10/18/96 (2) (3) (4)
RESULT OF INCIDENT REPORT? N INCIDENT REPORT NUMBER:
REMARKS:1 vio remains unabated - aboveground plastic pipe
ENTRY DATE:10/17/96

INSPECTION NBR:96 251 02 UNIT:00/
GAS OPERATION TYPE: GAS - MUNICIPALS/UNIV./HOUSING TYPE OF GAS: NATURAL
LINE SEG/VALVE SECT: MILE POST: INSP. TYPE:E REINSPECTION
COMPRESSOR STATION/NBR: NAME: NBR. OF VIOLATIONS:
TYPE OF PIPE IN SYSTEM: PLASTIC
INSP. NAME:NANTZ BEGIN DATE:12/27/96 END DATE:12/27/96 D.O.T. DAYS: 1
RESP. DUE: NOTICES:(1) (2) (3) (4)
RESULT OF INCIDENT REPORT? N INCIDENT REPORT NUMBER:
REMARKS:Recommend show cause hearing - aboveground plastic pipe
ENTRY DATE:12/30/96

INSPECTIONS CONCLUDED BETWEEN 07/01/96 AND 01/05/97

UTILITY ID: 30007185
COMPANY NAME: CITY OF HAZARD GAS COMPANY

INSP. NBR:96 251 00 V/N:001 UNIT:00/
GAS OPERATION TYPE: GAS - MUNICIPALS/UNIV./HOUSING TYPE OF GAS: NATURAL
LINE SEG/VALVE SECT: MILE POST: INSP. TYPE:B COMPREHENSIVE
COMPRESSOR STATION NBR: NAME: NBR. OF VIOLATIONS: 2

FINDING PER REGULATION: 807 KAR 5:022, Section 14(12)
There were no quarterly patrolling records available.

VIO. CODE: .
PENALTY RECOMMENDED
\$.00

PENALTY APPROVED
\$.00
DUE DATE:

RECOMMENDATIONS PER FINDING:
Develop a quarterly patrolling procedure and keep appropriate records.

PENALTY RECEIVED
\$.00
REC DATE:

VIO. CORR. DATE
10/15/96

ENTRY DATE: 8/15/96

INSP. NBR:96 251 00 V/N:002 UNIT:00/
GAS OPERATION TYPE: GAS - MUNICIPALS/UNIV./HOUSING TYPE OF GAS: NATURAL
LINE SEG/VALVE SECT: MILE POST: INSP. TYPE:B COMPREHENSIVE
COMPRESSOR STATION NBR: NAME: NBR. OF VIOLATIONS: 2

FINDING PER REGULATION: 807 KAR 5:022, Section 7(12)(a)
Three locations of aboveground plastic pipe was noticed at 201 Campbell Drive and the Derwood Brady residence on Mountain Shadow Drive. Use of steel to plastic transition fittings with plastic portion extending aboveground level is not permitted.

VIO. CODE: .
PENALTY RECOMMENDED
\$.00

PENALTY APPROVED
\$.00
DUE DATE:

RECOMMENDATIONS PER FINDING:
All plastic pipe should be buried. Two locations on customer's service lines should be corrected or service discontinued due to unsafe conditions. All locations using this practice are recommended to be corrected.

PENALTY RECEIVED
\$.00
REC DATE:

VIO. CORR. DATE

ENTRY DATE: 8/15/96



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

October 18, 1996

Mr. Vernon Keith
Gas Superintendent
Hazard Gas Company
700 Main Street
P. O. Box 420
Hazard, Kentucky 41702

Dear Mr. Keith:

On October 15, 1996, Michael C. Nantz of our staff conducted a follow-up inspection concerning his July 25-26, 1996 comprehensive inspection of the gas facilities of the Hazard Gas Company.

One violation, 807 KAR 5:022, Section 14(12), has been abated. The remaining violation involving the two Hazard Gas Company customers with plastic, aboveground service lines were not found to be corrected. The Commission would expect these violations to be abated by December 15, 1996. Failure to comply could result in the Commission taking enforcement action against the Hazard Gas Company.

If you have any questions or need additional information, please contact Michael C. Nantz at (502) 564-3940.

Sincerely,

A handwritten signature in cursive script that reads "E. Scott Smith".

E. Scott Smith, Manager
Gas Pipeline Safety Branch

ESS:MCN:dcp
9625100/9625101

Intra-Agency Memorandum
Kentucky Public Service Commission

To: Hazard Gas Company File

Thru: E. Scott Smith, Manager *ESS*
Gas Pipeline Safety Branch
Larry L. Amburgy *LLA*
Investigator Supervisor

From: Michael C. Nantz *MN*
Gas Utility Investigator

Re: Comprehensive Inspection Follow-up

Date: October 17, 1996

On October 15, 1996 I visited the Hazard Gas Company to conduct a follow-up investigation concerning my July 25 and 26, 1996 comprehensive inspection.

The operator had been cited for two deficiencies. One deficiency has been abated; 807 KAR 5:022 Section 14 (12)).

The remaining deficiency involves three areas of aboveground plastic pipe. One location has been corrected. The remaining two locations involve customer service lines. Hazard has notified the customers by certified letter that corrections must be made. As of this date the service lines have not been corrected. I recommend the commission notify Hazard that the customers must take actions to correct this violation made by December 15, 1996 or the service may be terminated due to the potentially unsafe condition.

9625100

9625101

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OFFICE OF THE CITY MANAGER

RECEIVED

SEP 27 1996

DIVISION OF UTILITY
ENGINEERING & SERVICES

September 20, 1996

Mr. Scott Smith
Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

Dear Mr. Smith:

This letter is to respond to your notice of violation dated August 22, 1996. Be advised, the City of Hazard has corrected the patrolling of hazardous piping by setting up a schedule and implementing the first part (September 4, 1996 through September 9, 1996).

We have also notified, via certified mail, Mr. Derwood Brady and Mr. Steve Campbell to have their exposed plastic fuel line buried or be encased with steel pipe. We will follow up to see that this is completed.

If I can be of further assistance on this matter, please advise.

Sincerely yours,

Paul Feltner
City Manager

PF/bcm



September 06, 1996

Dear City Gas Customer, Derwood Brady

Please be informed that the City Gas System has received a violation from the Public Service Commission as a result of your service (meter to house or building) not being covered appropriately. Correction on this matter must be done immediately.

Failure to respond to this request will require the City to cut off service, as per regulations. If you need further information on this matter call 436-3171.

Paul Feltner
Paul Feltner
City Manager
City Of Hazard Gas Co
P.O. Box 420
Hazard, Ky. 41702

*Copy
mailed
10-11-96*



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

August 22, 1996

Mr. Vernon Keith
Gas Superintendent
Hazard Gas Company
700 Main Street
P. O. Box 420
Hazard, KY 41702

Dear Mr. Keith:

Attached is a copy of the 1996 comprehensive inspection of the natural gas facilities of Hazard Gas Company which was performed by Michael C. Nantz on July 25-26, 1996.

Please respond to this report by September 23, 1996, outlining a correction schedule of the cited deficiencies for Commission approval.

If you have any questions or need additional information, please contact Michael C. Nantz at (502) 564-3940.

Sincerely,

A handwritten signature in cursive script that reads "E. Scott Smith".

E. Scott Smith, Manager
Gas Pipeline Safety Branch

ESS:MCN:dcp
9625100

Attachment

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

HAZARD GAS COMPANY
Hazard, Kentucky

August 22, 1996

BRIEF

A comprehensive inspection of the natural gas piping system of the Hazard Gas Company ("Hazard") was conducted on July 25-26, 1996. This inspection was conducted in accordance with the Public Service Commission's ("PSC") policy of inspecting all local gas distribution companies under its jurisdiction. Natural gas operators are jurisdictional to the PSC under KRS 278.040, 278.045, 278.495 and also through a 5(a) Agreement with the United States Department of Transportation, Office of Pipeline Safety, for the enforcement of the Natural Gas Pipeline Safety Act of 1968.

INSPECTION

Hazard is a municipal gas system that receives its gas from Equitable Gas and other suppliers and then redistributes the gas throughout a network of 61 miles of steel and plastic pipelines serving approximately 2,700 customers. The system is maintained by 7 employees.

During the office portion of the inspection, a review was made of Hazard's Operating and Maintenance and Emergency Plans. Also during the office visit, records were reviewed concerning leak surveys, system patrolling, odorization, valve maintenance, cathodic protection, and regulator and relief valve maintenance. One deficiency was found during the office inspection and will be addressed in the findings section of

this report. I was assisted by Johnnie Noble and Vernon Keith during the office inspection.

During the field inspection, various cathodic readings were taken and inspections of meter sets and regulator stations were made and found to be in good condition. One deficiency was found during the field inspection and will be addressed in the findings section of this report.

Mr. Wells of Hazard assisted me on this inspection.

FINDINGS

1. There were no quarterly patrolling records available which is a violation of 807 KAR 5:022, Section 14(12).
2. Three locations of aboveground plastic pipe were found which is a violation of 807 KAR 5:022, Section 7(12)(a).

RECOMMENDATIONS

It is recommended that Hazard:

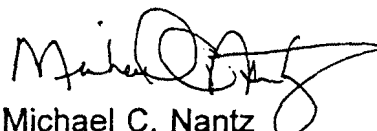
1. Develop quarterly patrolling procedures and keep appropriate records.
2. All plastic pipe should be buried. Two locations on customer's service lines should be corrected or service discontinued due to unsafe conditions. The addresses are 201 Campbell Drive and the Derwood Brady residence on Mountain Shadow Drive. The use of steel to plastic transition fittings with the plastic portion extending above ground level is not permitted. All locations using this practice are recommended to be corrected.

Report - Hazard Gas Company
August 22, 1996
Page 3

It is also recommended that Hazard utilize the training programs offered by the Kentucky Gas Association to further train its maintenance personnel. Information on these programs may be obtained by contacting Dr. Paul Lyons, Executive Secretary and Training Consultant, Kentucky Gas Association, P. O. Box 616, Murray, Kentucky, (502) 753-2151.

It is further recommended that a copy of this report be sent to Hazard directing that it respond by September 23, 1996 with a schedule of compliance to the cited deficiencies for Commission approval.

Respectfully submitted,



Michael C. Nantz
Gas Utility Investigator

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9625100