

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE GAS GROUP)	
)	
_____)	CASE NO. 99-130
)	
ALLEGED VIOLATIONS OF KRS 278.020,)	
KRS 278.160; 807 KAR 5:022,)	
SECTIONS 14(5)(a); 14(5)(c)(2); 13(9), AND)	
807 KAR 5:023, AND 49 CFR 192.707(a);)	
192.707(d)(2); 192.615, AND 49 CFR 199)	

O R D E R

The Gas Group is a natural gas distribution system operating in an area north of Richardsville, Warren County, Kentucky. The Gas Group is subject to the regulatory and safety jurisdiction of the Commission pursuant to KRS 278.010(3)(b), KRS 278.040(2), KRS 278.990(1) and KRS 278.992(1).

The Commission regulates natural gas facilities pursuant to Title 807, Chapter 5 of the Kentucky Administrative Regulations, specifically including 807 KAR 5:022; 5:023; 5:026; 5:227; and, 5:031. Administrative Regulation 807 KAR 5:022 sets, *inter alia*, standards for safety, and 807 KAR 5:023 addresses antidrug and drug testing programs. In addition, the Commission enforces the minimum safety standards adopted by the United States Department of Transportation pursuant to the Federal Pipeline Safety Laws, 49 U.S.C. 4 Section 60101, et seq., and amendments thereto, pursuant to KRS 278.992(1).

On February 15, 1999, the District Office of the Department of Highways in Bowling Green, Kentucky contacted Commission Staff regarding a natural gas pipeline

at and near Highway 185 North of Richardsville, Warren County, Kentucky. Commission Staff determined that there are no records on file with the Commission relative to a natural gas distribution system or facility in the area reported. Specifically, Commission records reflect that no certificate of convenience and necessity has been issued as required by KRS 278.020, authorizing the construction and operation of a natural gas utility in the area along Highway 185 North of Richardsville. Pursuant to KRS 278.160 [E]ach utility shall file with the Commission. . . , schedules showing all rates and conditions for service established by it and collected or enforced. . . . The Gas Group has failed to make such filing with the Commission.

On February 16, 1999, Commission Staff, with the assistance of a representative of the State Fire Marshal, conducted, to the extent possible, an inspection of the Gas Group's facilities. Commission Staff was unable to determine the extent of the facilities because the owner or operator could not be located. Based upon said inspection, Commission Staff issued a Comprehensive Inspection Report (Report) dated March 12, 1999 [copy attached]. Since that inspection was conducted, Commission Staff has attempted to contact and communicate with the alleged owner or operator of said facility without success.

An examination of the Commission's records establishes that Gas Group has failed to comply with KRS 278.020 and KRS 278.160 (numbered paragraphs 1 and 2 below). To the extent possible, the Report details the discovery of five (5) apparent violations of 807 KAR 5:022, 807 KAR 5:023, and 49 CFR 192 and 49 CFR 199 as follows (numbered paragraphs 3, 4, 5, 6, and 7):

1. The Commission has not issued a certificate of convenience and necessity authorizing the construction and operation of a natural gas utility in or near the area described herein above. KRS 278.020.

2. The Gas Group has failed to file any schedules of rates and conditions for service as required by KRS 278.160.

3. There are no line markers or signs to indicate the presence of a natural gas pipeline. 807 KAR 5:022, Section 14(5)(a) and 49 CFR 192.707(a).

4. There is pipeline aboveground on Anna Sandhill Road near Richardsville, Warren County, Kentucky. There is no sign marking the aboveground pipe which bears a telephone number to call in case of emergency. 807 KAR 5:022, Section 14(5)(c)(2) and 49 CFR 192.707(d)(2).

5. Customers of this facility are provided with no local telephone number to call in the event of an emergency. 807 KAR 5:022, Section 14(5)(d)(2) and 49 CFR 192.707(d)(2).

6. The Gas Group has not made contact with the appropriate fire, police and other public officials regarding actions to be taken during an emergency. 807 KAR 5:022, Section 13(9) and 49 CFR 192.615.

7. There is no proof that the Gas Group has an antidrug and alcohol plan. 807 KAR 5:023 and 49 CFR 199.

The Report notes that the facts as set out herein present a potentially dangerous situation because the gas field in this area of Warren County, Kentucky is known to produce hydrogen sulfide or sour gas and because the extent of the distribution system cannot be determined by observation of the aboveground pipe of the system.

The Commission, based upon the facts contained in the Comprehensive Inspection Report dated March 12, 1999, finds sufficient evidence to believe that the Gas Group has failed to comply with the above-identified provisions of KRS 278.020, Title 807, Chapter 5 and 49 CFR 192 and 199.

The Commission, on its own motion, HEREBY ORDERS that:

1. The Gas Group shall submit to the Commission within 20 days from the date this Order is delivered to you a written response to the allegations contained in the Order and the Comprehensive Inspection Report.

2. The Gas Group shall appear on May 18, 1999, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky for the purposes of presenting evidence regarding the alleged violations above-named and of showing cause, if any, why it should not be subject to the penalties prescribed in KRS 278.990(1) and KRS 278.992(1) for the alleged violations.

3. The Comprehensive Inspection Report dated March 12, 1999 is hereby made a part of the record herein.

4. Any request for an informal conference with Commission Staff to consider any matter which would expedite the handling or disposing of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 14th day of April, 1999.

By the Commission

ATTEST:

Executive Director