

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|----------------------------|---|-----------------|
| HOUSING AUTHORITY OF PARIS |) | |
| |) | |
| _____ |) | CASE NO. 99-459 |
| |) | |
| ALLEGED VIOLATIONS OF |) | |
| ADMINISTRATIVE REGULATION |) | |
| 807 KAR 5:022 |) | |

O R D E R

The Housing Authority of Paris (“HA of Paris”) is a master meter system operator that receives natural gas from the Columbia Gas of Kentucky system. HA of Paris is subject to the safety jurisdiction of the Commission, pursuant to KRS 278.040 and KRS 278.495. HA of Paris is also subject to Commission jurisdiction under the authority of and in compliance with federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations of 49 CFR 189-199. Violations of these safety standards by any entity subject to the jurisdiction of the Commission shall subject said entity to the penalty provisions of KRS 278.992(1).

Pursuant to these statutes and 49 CFR 189-199, the Commission promulgated Administrative Regulation 807 KAR 5:022. Commission Staff has submitted to the Commission a Comprehensive Inspection Report, dated October 13, 1999, in which Commission Staff alleges that there are low or no driving potential readings on some sections of the steel pipe system of HA of Paris, a violation of 49 CFR 192.465, 192.491, and 807 KAR 5:022, Section 10(9)(d).

Based on its review of the Comprehensive Inspection Report, the Commission issued an Order to HA of Paris to appear before the Commission on February 8, 2000 to show cause why HA of Paris failed to comply with Administrative Regulation 807 KAR 5:022. Prior to that hearing, HA of Paris filed a response and requested (and was granted) an informal conference on January 10, 2000. On February 1, 2000, HA of Paris filed a supplemental response describing the status of the replacement of its natural gas system. Commission Staff and HA of Paris entered into a Settlement Agreement as follows:

1. There are no further facts to be submitted to the Commission concerning the violations cited herein, and HA of Paris has waived its right to a public hearing on said violations.

2. HA of Paris agrees to the imposition of a civil penalty of \$250 for the violation of 49 CFR 192.465(d) and 807 KAR 5:022, Section 10(9)d, failure to remedy the low driving potential readings.

3. HA of Paris agrees to file with the Commission a copy of the project plans, bid proposals, contract with successful bidder, and the as-completed plans for the project, as they become available.

The Commission finds that HA of Paris, by its Executive Director, Anna Vance, has made every effort to bring its facilities in compliance with safety regulations and has secured funding to have the system replaced. The cooperation of HA of Paris and the prompt efforts of HUD to fund the necessary remedial measures for this system are to be considered by the Commission in its assessment of any penalty.

On April 11, 2000, HA of Paris filed a supplemental response to its filing of January 28, 2000, stating that it will solicit bids for contract work until April 12, 2000. HA of Paris will then have 14 days to review the bids and issue a "notice to proceed." HA of Paris will require the successful contractor to begin work immediately thereafter and to complete the contract within 120 days, barring unforeseen circumstances.

The Commission makes the following findings:

1. HA of Paris is in violation of 807 KAR 5:022, Section 10(9)(d).
2. HA of Paris is subject to be assessed, pursuant to KRS 278.990(1), a civil penalty not to exceed \$25,000, but HA of Paris's cooperation and assistance in this case has been taken into consideration.
3. HA of Paris has filed a copy of the project plans with the Commission.
4. The Settlement Agreement, dated February 18, 2000, is in accordance with the law, does not violate any regulatory principle, results in a reasonable resolution of this case, and is in the public interest.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, appended hereto, is incorporated into this Order as if fully set forth herein.
2. HA of Paris is assessed a civil penalty of \$250 for the violation of Administrative Regulation 807 KAR 5:022, Section 10(9)(d).
3. Within 10 days of the date of this Order, HA of Paris shall pay to the Commonwealth of Kentucky the sum of \$250. This payment shall be in the form of a cashier's check made payable to "Treasurer, Commonwealth of Kentucky," and shall be

mailed or delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.

4. HA of Paris shall comply with the following:
 - a. On or before May 5, 2000, HA of Paris shall file copies of the bid proposals;
 - b. Within 30 days after completion of the project, HA of Paris shall file copies of the contract with the successful bidder and as-completed plans for the project;
 - c. Within 30 days of the date of this Order, HA of Paris shall file a copy of the system operation and maintenance plan;
 - d. Upon abandonment of any part of the HA of Paris system, HA of Paris shall report to the Commission actions taken as required by 807 KAR 5:022, Section 14(15)(b).

Done at Frankfort, Kentucky, this 28th day of April, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE
KENTUCKY PUBLIC SERVICE COMMISSION

IN CASE NO. 99-459

DATED 4/28/2000

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

HOUSING AUTHORITY OF PARIS)
)
 _____) CASE NO. 99-459
)
 ALLEGED VIOLATION OF)
 ADMINISTRATIVE REGULATION)
 807 KAR 5:022)

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered into this February 18, 2000, by and between the STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY ("Commission Staff") and HOUSING AUTHORITY OF PARIS ("HA of Paris").

WITNESSETH:

WHEREAS, on January 10, 2000, an informal conference was held between Commission Staff and representatives of HA of Paris for the purpose of discussing matters to aid in the disposition of this proceeding; and

WHEREAS, HA of Paris did not contest the violations as contained in the Commission's Order of November 17, 1999; and

WHEREAS, HA of Paris filed a Response to the Order of November 17, 1999, and requested an informal conference with Commission Staff. The informal conference was held on January 10, 2000, pursuant to Commission Order; and

WHEREAS, at the informal conference, HA of Paris informed Commission Staff that it intends to replace the present distribution system and has funds for that purpose; and

WHEREAS, HA of Paris has filed a supplemental response to its December 2, 1999 response, setting out a schedule of events for the planning, bidding, and construction of a gas system.

NOW, THEREFORE, based upon negotiations between HA of Paris and Commission Staff, it is agreed that:

1. There are no further facts to be submitted to the Commission concerning the violations cited herein and HA of Paris has waived its right to a public hearing on said violations.
2. HA of Paris agrees to the imposition of a civil penalty of \$250 for the violation of 49 CFR 192.465(d) and 807 KAR 5:022, Section 10(9)(d), low pipe-to-soil readings.
3. HA of Paris agrees to file with the Commission a copy of the project plans; bid proposals, contract with successful bidder, and as-completed plans for the project, as they become available.
4. HA of Paris agrees to pay \$250, by cashier's check, to the Kentucky State Treasurer, as the Commission shall order.
5. HA of Paris agrees to file with the Commission a copy of its maintenance and operations plan.
6. This settlement agreement is subject to the approval of the Public Service Commission ("PSC").

7. If the PSC fails to adopt this agreement in its entirety, HA of Paris reserves the right to withdraw from it and to proceed to a hearing. In such event, none of the matters contained in this settlement agreement shall be binding on any of the parties.

8. If the settlement is adopted in its entirety by the PSC, this settlement shall constitute a final adjudication of the show cause proceeding without the need for any additional hearing.

9. If the settlement agreement is accepted by the PSC, the parties agree not to request rehearing or to file an appeal of the order to the Franklin Circuit Court.

HOUSING AUTHORITY OF PARIS

By: Edward E. Dore for Housing Authority of Paris

James R. Goff
James R. Goff
Staff Attorney, Public Service Commission of Kentucky