

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

RICHARDSVILLE GAS COMPANY, INC.)	
_____)	CASE NO. 2002-00311
)	
ALLEGED VIOLATIONS OF KRS 278.992)	
AND 807 KAR 5:022, SECTION 8(5))	

O R D E R

On September 11, 2002, an Order was issued to Richardsville Gas Company, Inc. (Richardsville Gas) requiring it to show cause why it should not be assessed penalties pursuant to KRS 278.990 and KRS 278.992 for violations of federal pipeline safety laws, and 807 KAR 5:022, Section 8(5). Further investigation by Commission Staff found that the Richardsville Gas corporation has been administratively dissolved by the Kentucky Secretary of State, pursuant to KRS 271B.14-210, for failure to file annual reports. In the annual report for the year 2000, Richardsville Gas lists P. Glenn Miller as President and sole shareholder of the corporation. Accordingly, by an Order of November 1, 2002, Preston Glenn Miller was made a party to this case.

Richardsville Gas, Preston Glenn Miller, and Commission Staff entered into negotiations to resolve all outstanding issues in this proceeding. A Settlement Agreement dated May 1, 2003, which is appended hereto and made a part hereof, was entered into by Richardsville Gas, Preston Glenn Miller, and Commission Staff.

In reviewing the Settlement Agreement, the Commission has considered, inter alia, the circumstances surrounding the violations, Richardsville Gas s and Preston

Glenn Miller's efforts to comply with the Commission's safety regulations, their willingness to improve and enhance the existing safety programs and operations, and the steps they have undertaken to improve the utility's natural gas pipeline system. Richardsville Gas and Preston Glenn Miller have filed documents issued by the Kentucky Secretary of State indicating reinstatement of the corporation, and have paid the PSC assessments levied pursuant to KRS 278.130. After considering Richardsville Gas's limited operating revenue and customer base (48 total customers with total annual revenues of \$11,097 and net loss according to 2000 Annual Report), the Commission finds that the Settlement Agreement dated May 1, 2003 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 dated May 1, 2003, appended hereto, is incorporated into this Order as if fully set forth herein.
2. The terms and conditions set forth in the Settlement Agreement are adopted and approved.
3. Richardsville Gas and Preston Glenn Miller, jointly and severally, are assessed a civil penalty of \$10,000. The Commission acknowledges the receipt of \$3,000 paid by Richardsville Gas and Preston Glenn Miller. The remaining \$7,000 of the civil penalty shall be suspended for a period 1 year upon the following condition: If another violation of those regulations enumerated in the Settlement Agreement occurs within 1 year from the date of this Order, the \$7,000 penalty suspended herein shall become immediately due and payable.

4. This case is closed and is removed from the Commission s docket.

Done at Frankfort, Kentucky, this 20th day of May, 2003.

By the Commission

ATTEST:


Executive Director

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00311 DATED May 20, 2003

Gas to show cause why each should not be assessed penalties pursuant to KRS 278.990(1), 278.990(3) and KRS 278.992; and

WHEREAS, Preston Glenn Miller, Richardsville Gas and Commission Staff held an informal conference on February 10, 2003 in which they agreed to enter into this Settlement Agreement through compromise to settle the proceeding herein.

NOW, THEREFORE, Preston Glenn Miller and Richardsville Gas and Commission Staff agree that:

1. Preston Glenn Miller and Richardsville Gas, both jointly and severally, are assessed a civil penalty of One Thousand Dollars (\$1,000), for each of the violations, which is a total penalty of Ten Thousand Dollars (\$10,000). However, Seven Thousand Dollars (\$7,000) of such penalty shall be suspended for a period of one year with Three Thousand Dollars (\$3,000) to be paid as follows: a certified check payable to "Kentucky State Treasurer," mailed or delivered to the Office of the General Counsel, Public Service Commission of Kentucky, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky, 40602. Any further violations under KRS 278.992(1) shall cause the suspended penalty of Seven Thousand Dollars (\$7,000) to become due and payable.

2. Preston Glenn Miller and Richardsville Gas both waive a formal hearing of all matters herein.

3. As proposed in the February 10, 2003 informal conference and now made a part of this agreement concerning the ten listed violations, Preston Glenn Miller and Richardsville Gas agree to the following:

a. Operator Qualification Plan has been implemented as required by 49 CFR Part 192.809(a) and Richardsville Gas agrees to have a plan in effect and operators qualified by April 15, 2003.

b. Richardsville Gas conducted a leak survey on October 18, 2002 and has submitted records thereof to be filed in the case and will continue to perform leak surveys as required by law.

c. Richardsville Gas has purchased equipment at a cost of approximately \$2,300 with which to perform odorant testing by instrument as required by 49 CFR Part 192.625 and has submitted documents of the testing for filing.

d. Richardsville Gas has now found records of meter replacements and its meter testing is current as required by 807 KAR 5:022, Section 8(5). Richardsville Gas has 21 additional meters to replace at a cost of \$1,300 plus regulators and will have completion by July 1, 2003.

e. The Operation and Maintenance Plan is now updated as required by 49 CFR Part 192.605. Richardsville Gas will maintain an updated copy of its plan.

f. The Emergency Plan is updated as required by 49 CFR Part 192.615. Richardsville Gas will maintain an updated copy of its plan.

g. The Damage Prevention Plan is updated as required by 49 CFR Part 192.614. Richardsville Gas will maintain an updated a copy of its plan.

h. The continuing education program has been published in the local newspaper as required by 49 CFR Part 192.616. Richardsville Gas has produced a copy of the notice and date of publication for the record.

i. Local contractors have been notified of the damage prevention program as required by 49 CFR Part 192.614(c)1. Richardsville Gas has a list of local contractors it has notified and will continue to update the list as required.

j. Relief valve calculations have been reviewed as required by 49 CFR Part 192.743. Richardsville Gas has conducted the required test and, as a result of calculations, has discovered that the relief valve is too small and has replaced the valve with a 2" Invensys Md 250-S relief valve as shown in its Response dated April 22, 2003.

4. Preston Glenn Miller and Richardsville Gas will file with the Commission documents necessary to show that its corporation has been reinstated and is in good standing with the Kentucky Secretary of State.

5. Preston Glenn Miller and Richardsville Gas will provide all necessary documents to show the 1998-2002 utility assessments have been paid and the 2001 annual report has been filed.

6. This Agreement is subject to the acceptance of and approval by the Public Service Commission.

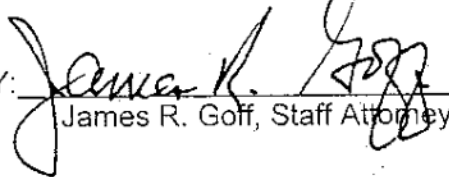
7. If the Public Service Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward and neither the terms of this Settlement Agreement nor any matters raised during settlement negotiations shall be binding on either signatory or be construed against either Preston Glenn Miller and Richardsville Gas or Commission Staff.

8. Commission Staff shall recommend to the Public Service Commission that this Settlement Agreement be accepted and approved.

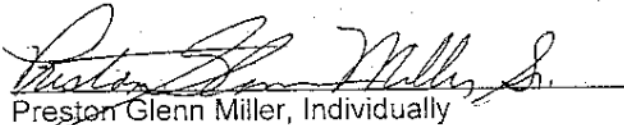
IN WITNESS WHEREOF, Preston Glenn Miller and Richardsville Gas and Commission Staff have executed this Settlement Agreement the day and year first above written.

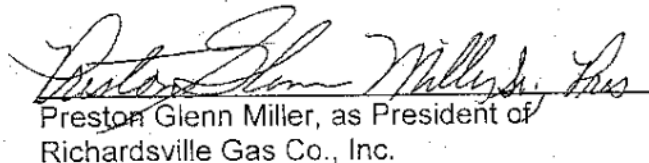
STAFF OF THE PUBLIC SERVICE
COMMISSION OF KENTUCKY

BY:


James R. Goff, Staff Attorney

PRESTON GLENN MILLER AND
RICHARDSVILLE GAS COMPANY, INC.


Preston Glenn Miller, Individually


Preston Glenn Miller, as President of
Richardsville Gas Co., Inc.

