

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

B.T.U. GAS COMPANY, INC. ALLEGED)	
VIOLATIONS OF ADMINISTRATIVE)	CASE NO.
REGULATION 807 KAR 5:006, 807 KAR 5:022,)	2007-00403
807 KAR 5:027 AND 49 CFR 191-192)	

O R D E R

On May 10, 2007, a periodic regulatory compliance inspection of B.T.U. Gas Company, Inc. ("B.T.U.") was conducted and 16 violations were cited, ("Inspection Report No.1").¹ A copy of this inspection report is appended to this Order as "Appendix A" and incorporated herein by reference. On May 15, 2007, an investigation of B.T.U. was conducted regarding a reportable incident and a violation was found. The incident involved a residential B.T.U. natural gas meter which was hit by a riding lawn mower and resulted in serious injury and fire to a dwelling, ("Inspection Report No. 2").² A copy of this inspection report is appended to this Order as "Appendix B" and incorporated herein by reference.

The Commission, on May 1, 2008, found prima facie evidence that B.T.U. had failed to comply with certain administrative regulations of the Commission as well as certain regulations promulgated by the U.S. Department of Transportation regarding the

¹ See Utility Inspection Report Number: B.T.U.-051407, inspection conducted May 10, 2007.

² See Utility Inspection Report Number B.T.U.-052907, dated May 29, 2007, 807 KAR 5:006, Section 26, 807 KAR 5:022, Section 13(16) (a), 807 KAR 5:027 Section 3(1) (a) (b) (c) (d) (f) (g), 49 CFR Part 191.5.

operation of natural gas pipelines. The Commission ordered B.T.U. to show cause why it should not be subject to penalties prescribed in KRS 278.992(1) for these alleged violations.

On July 14, 2009, a subsequent periodic regulatory compliance inspection of B.T.U. ("Inspection Report No. 3")³ was conducted and revealed that, of the 16 previously documented violations found in Inspection Report No. 1, six have been corrected and ten remain. Furthermore, seven additional violations were noted. A copy of this inspection report is appended to this Order as "Appendix C" and incorporated herein by reference. On August 14, 2009, B.T.U. was notified of the results of the July 14, 2009 inspection and was requested to respond to the report, outlining corrective actions for the 17 cited violations, by September 2, 2009. A copy of that notification is appended to this Order as "Appendix D" and incorporated herein by reference. On September 8, 2009, B.T.U. requested an extension of time to respond to the report.⁴ A copy of that request is appended to this Order as "Appendix E" and incorporated herein by reference. As of the date of this Order, no response has been filed by B.T.U.

The violations found in Inspection No. 3, include the following:

1. B.T.U.'s Public Awareness Program does not follow the recommendations of API RP 1162 and B.T.U. does not have records to indicate its public awareness

³ See Utility Inspection Report Number: B.T.U.-071409, inspection conducted July 14, 2009.

⁴ See Letter from Pam Williams, B.T.U. Gas Company, Inc., to Jason R. Brangers, P.E., Manager, Gas Branch, Division of Engineering, Commonwealth of Kentucky Public Service Commission, dated September 3, 2009 and received September 8, 2009.

messages were given to customers twice annually as recommended. (49 CFR Part 192.616(b)).

Section 192.616, Public awareness, states as follows:

(b) The operator's program must follow the general program recommendations of API RP 1162 and assess the unique attributes and characteristics of the operator's pipeline and facilities.

Note: This is a repeat deficiency from Inspection #1, Deficiency Tracking Report ("DTR") Item Number 2.

2. B.T.U.'s Operator Qualification Plan does not include a list of covered tasks, a list of individuals and the tasks each is qualified to perform, and does not identify the intervals at which evaluation of the individual's qualification is needed (49 CFR Part 192.805).

Section 192.805, Qualification program, states in pertinent part:

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a) Identify covered tasks;

(b) Ensure through evaluation that individuals performing covered tasks are qualified;

...

(g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed.

Note: This is a repeat deficiency from Inspection #1, DTR Item Number 3.

3. B.T.U.'s Operation and Maintenance manual did not address procedures for taking precautions in situations of unsafe accumulations of gas (49 CFR Part 192.605(b) (9)).

Section 192.605, Procedural manual for operations, maintenance, and emergencies, states in pertinent part:

Each operator shall include the following in its operating and maintenance plan:

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

...

(9) Taking adequate precautions in excavated trenches to protect personnel from the hazards of unsafe accumulations of vapor or gas, and making available when needed at the excavation, emergency rescue equipment, including a breathing apparatus and, a rescue harness and line.

Note: This is a repeat deficiency from Inspection #1, DTR Item Number 7.

4. B.T.U. is not using an instrument capable of determining the percentage of gas in air while conducting weekly odorant samplings (49 CFR Part 192.625(f)).

Section 192.625, Odorization of gas, states as follows:

(f) To assure the proper concentration of odorant in accordance with this section, each operator must conduct periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable.

Note: This is a repeat deficiency from Inspection #1, DTR Item Number 8.

5. B.T.U. has not patrolled mains where anticipated physical movement or external loading could cause failure or leakage (i.e. river crossings, lines under stress) and has not documented these lines or the intervals at which they must be patrolled (49 CFR Part 192.721).

Section 192.721, Distribution systems, Patrolling, states as follows:

(a) The frequency of patrolling mains must be determined by the severity of the conditions which could cause failure or leakage, and the consequent hazards to public safety.

(b) Mains in places or on structures where anticipated physical movement or external loading could cause failure or leakage must be patrolled--

(1) In business districts, at intervals not exceeding 4-1/2 months, but at least four times each calendar year; and

(2) Outside business districts, at intervals not exceeding 7-1/2 months, but at least twice each calendar year.

Note: This is a repeat deficiency from Inspection #1, DTR Item Number 9.

6. B.T.U. has not identified business districts within their system or conducted leak surveys with leak detector equipment within those districts annually (49 CFR Part 192.723 (b) (1)).

Section 192.723(b)(1) Distribution systems, Leakage surveys, states as follows:

(b) The type and scope of the leakage control program must be determined by the nature of the operations and the local conditions, but it must meet the following minimum requirements:

(1) A leakage survey with leak detector equipment must be conducted in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an opportunity for finding gas leaks, at intervals not exceeding 15 months, but at least once each calendar year.

Note: This is a repeat deficiency from Inspection #1, DTR Item Number 10.

7. B.T.U. has not conducted leak surveys with leak detector equipment outside of business districts at the required intervals (49 CFR Part 192.723(b)(2)).

Section 192.723(b)(2) Distribution systems, Leakage surveys, states as follows:

(b) The type and scope of the leakage control program must be determined by the nature of the operations and the local conditions, but it must meet the following minimum requirements:

...

(2) A leakage survey with leak detector equipment must be conducted outside business districts as frequently as necessary, but at least once every 5 calendar years at intervals not exceeding 63 months.

Note: This is a repeat deficiency from Inspection #1, DTR Item Number 10.

8. B.T.U. did not have critical or system safety valves listed in their records and did not identify specifically when each valve was checked and serviced (49 CFR Part 192.747).

Section 192.747, Valve maintenance, Distribution systems, states as follows:

(a) Each valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year.

(b) Each operator must take prompt remedial action to correct any valve found inoperable, unless the operator designates an alternative valve.

Note: This is a repeat deficiency from Inspection #1, DTR Item Number 11.

9. B.T.U. did not have regulators and relief devices listed in their records to identify specifically that each had been inspected each year (49 CFR Part 192.739).

Section 192.739, Pressure limiting and regulating stations, Inspection and testing, states in pertinent part:

(a) Each pressure limiting station, relief device . . . , and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests

Note: This is a repeat deficiency from Inspection #1, DTR Item Number

12.

10. B.T.U. was not inspecting their system for atmospheric corrosion on their above-ground piping (49 CFR Part 192.481).

Section 192.481, Atmospheric corrosion control, Monitoring, states in pertinent part:

(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located onshore, then the frequency of inspection is: At least once every 3 calendar years, but with intervals not exceeding 39 months.

Note: This is a repeat deficiency from Inspection #1, DTR Item Number 16.

11. B.T.U. did not have records to show their Operation and Maintenance procedures were being implemented for odorant sampling, patrolling, leak surveys, regulator inspections, and valve inspections (49 CFR Part 192.603(b)).

Section 192.603, General provisions.

(b) Each operator shall keep records necessary to administer the procedures established under §192.605.

Section 192.605, Procedural manual for operations, maintenance, and emergencies.

Each operator shall include the following in its operating and maintenance plan:

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures . . . to provide safety during maintenance and operations.

12. B.T.U. was not a member of a qualified one-call center (49 CFR Part 192.614).

Section 192.614, Damage prevention program, states in pertinent part:

(a) [E]ach operator of a buried pipeline shall carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities.

(b) An operator may comply with any of the requirements of paragraph (c) of this section through participation in a public service program, such as a one-call system

13. B.T.U. did not submit their annual report form (RSPA F7100. 1-1) each year as required (49 CFR 191.11(a)).

Section 191.11(a), Distribution system, Annual report, states as follows:

[E]ach operator of a distribution pipeline system shall submit an annual report for that system on Department of Transportation Form RSPA F 7100.1-1. This report must be submitted each year, not later than March 15, for the preceding calendar year.

14. B.T.U. did not have a written anti-drug plan as required (49 CFR 199.101).

Section 199.101, Anti-drug plan, states in pertinent part:

(a) Each operator shall maintain and follow a written anti-drug plan that conforms to the requirements of this part and the DOT Procedures.

15. B.T.U. did not have a written alcohol misuse plan as required (49 CFR Part 199.202).

Section 199.202, Alcohol misuse plan, states as follows:

Each operator must maintain and follow a written alcohol misuse plan that conforms to the requirements of this part and DOT Procedures concerning alcohol testing programs. The plan shall contain methods and procedures for compliance with all the requirements of this subpart, including required testing, recordkeeping, reporting, education and training elements.

16. B.T.U. customer at HWY 867, house #238, had above-ground plastic water pipe with hose clamps in use for their gas service line (807 KAR 5:006 Sec. 14(b)).

Section 14, Refusal or Termination of Service.

(b) For dangerous conditions. If a dangerous condition relating to the utility's service which could subject any person to imminent harm or result in substantial damage to the property of the utility or others, is found to exist on the customer's premises, the service shall be refused or terminated without advance notice.

17. B.T.U. is not maintaining records that demonstrate compliance with the Operator Qualification regulation (49 CFR Part 192.807).

Section 192.807, Recordkeeping, provides in pertinent part:

Each operator shall maintain records that demonstrate compliance with this subpart.

(a) Qualification records shall include:

- (1) Identification of qualified individual(s);
- (2) Identification of the covered tasks the individual is qualified to perform;
- (3) Date(s) of current qualification; and
- (4) Qualification method(s).

(b) Records supporting an individual's current qualification shall be maintained while the individual is performing the covered task.

Based upon the foregoing, the Commission finds that prima facie evidence exists that B.T.U. has failed to comply with the administrative regulations set forth above.

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

1. B.T.U. shall appear before the Commission on January 27, 2010 at 10:00 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of presenting evidence concerning the alleged violations and showing cause why it should not be subject to penalties prescribed in KRS 278.992(1) for these alleged violations.

2. Within 20 days of the date of this Order, B.T.U. shall submit to the Commission a written response to each allegation in Utility Inspection Report No. 3.

3. The documents appended to this Order are incorporated into the record of this proceeding.

4. B.T.U. is to be represented by a licensed attorney at the scheduled hearing or it will not be permitted to present argument, make objections, or examine any witnesses.

5. At the scheduled hearing, B.T.U. shall present testimony and answer questions regarding its compliance with the regulatory requirements cited in this Order.

6. On or before December 18, 2009, B.T.U. shall file with the Commission an original and six copies of the prepared written testimony of each witness that it intends to call at the scheduled hearing.

7. Prepared written testimony shall be in the following format:

a. Written testimony shall be accompanied by a cover sheet showing the case caption and case style, name of the person testifying, and the party for whom the testimony is offered.

b. The first page of the prepared testimony shall contain testimony only and shall not repeat the information on the cover page.

c. Prepared testimony shall be submitted on white, eight and one-half by eleven inch (8-1/2" x 11") paper and be double-spaced (except for quoted material and tables or other collections of numerical data).

d. Each line of prepared testimony shall be numbered at the left margin (except single-spaced quotations or tables of numerical data, which may be numbered at the left margin as though they were double spaced).

e. All exhibits accompanying the prepared testimony shall be labeled.

f. The prepared written testimony shall be made under oath and shall be signed by the witness giving the testimony.

8. At the scheduled hearing in this matter, B.T.U. shall limit the length of its opening and closing statements to no more than 10 minutes.

9. Direct examination of witnesses who present prepared written testimony shall be generally limited to the authentication and adoption of that written testimony. A witness may briefly summarize his or her written testimony, but such summarization shall not exceed 10 minutes in length.

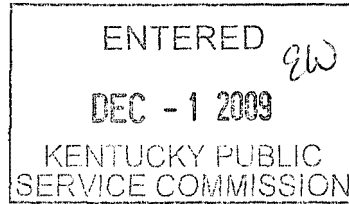
10. The restrictions set forth in ordering paragraph 9 shall not apply to witnesses who testify under subpoena and are not affiliated with the party that called the witness.

11. No later than January 6, 2010, B.T.U. and Commission Staff shall file with the Commission a list of the persons they expect to call as witnesses at the scheduled hearing.

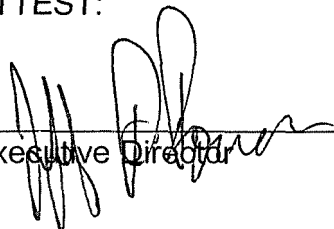
12. Any motion requesting an informal conference with Commission Staff shall be filed with the Commission no earlier than the filing of its written response required by ordering paragraph 2 herein and within 20 days subsequent to the filing.

13. The Commission does not favor motions for continuance or extensions of time and will grant them only when such a motion is made in writing and states compelling reasons for granting the motion. Any request to cancel or postpone this hearing shall be made by motion filed with the Commission at least three weeks before the hearing is scheduled to commence.

By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00403 DATED **DEC - 1 2009**

4/7

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

UTILITY INSPECTION REPORT

Report Date: 5/14/2007

Report Number: BTU-051407

BRIEF

Inspector: Melissa Holbrook
Inspection Date: 5/10/2007
Type of Inspection: Periodic Regulatory Compliance Inspection

Type of Facility: Private Distribution
Name of Utility: B.T.U. Gas Company, Inc.
Location of Facility: Salyersville, KY

Purpose of Inspection: Periodic inspection of utilities facilities and management practices to verify compliance with federal and state pipeline safety regulations.

Applicable Regulations: 49 CFR Part 192 and 807 KAR 5:022

INSPECTION

Description of Utility: Small natural gas distribution company operating in Magoffin County.
Number of Customers: 412
Area of Operation: Magoffin County
Supply Source: Private Wells

Distribution Description: The system consists of around 20 miles of 3" and 4" plastic pipe operating at 60 psi.

Workforce Summary: 2-Owners and 4-Field employees
Utility Reps in Insp: Pam Williams and Richard Williams
Date of Last Inspection: 5/4/2004
DTR from Last Insp: 1
DTRs not Cleared: 1

Summary of items and facilities Inspected:

The Operation and Maintenance, Emergency, Damage Prevention, Public Awareness, Operator Qualification, and Drug and Alcohol Plans were reviewed during the office visit. Also inspected, were records pertaining to leakage surveys and repairs, patrolling, valves maintenance, relief valves, regulators, odorization, and corrosion. During the field portion of the inspection, checks on mainline valve locations, relief valves, regulator stations, purchase points, meter barricades, meter id's and pipeline markers were conducted.

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

UTILITY INSPECTION REPORT

Report Date: 5/14/2007

Report Number: BTU-051407

FINDINGS

- 1 BTU does not have an excess flow valve program, a violation of 49 CFR Part 192.383.
 - 2 BTU has not developed and implemented a written continuing public education program, a violation of 49 CFR Part 192.616.
 - 3 BTU has not evaluated individuals performing covered tasks on the pipeline for qualification, a violation of 49 CFR Part 192.805(b).
 - 4 BTU does not have a map of the distribution system, a violation of 807 KAR 5:006 Section 22 (1).
 - 5 BTU does not have adequate line markers, a violation of 49 CFR Part 192.707.
 - 6 BTU is not installing plastic pipe below ground level as required, a violation of 49 CFR Part 192.321.
 - 7 BTU's Operation and Maintenance manual does not contain the required written procedures for conducting operations and maintenance activities and for emergency response, a violation of 49 CFR Part 192.605.
 - 8 BTU is not conducting periodic sampling for odorant, with equipment, at required intervals, a violation of 49 CFR Part 192.625(f).
 - 9 BTU is not patrolling mains at required intervals, a violation of 49 CFR Part 192.721.
 - 10 BTU is not conducting leak survey's, with equipment, at required intervals, a violation of 49 CFR Part 192.723.
 - 11 BTU is not inspecting and servicing valves at required intervals, a violation of 49 CFR Part 192.747.
 - 12 BTU is not inspecting and testing purchase stations at required intervals, a violation of 49 CFR Part 192.739.
 - 13 BTU did not have the required records for atmospheric corrosion monitoring, odorant sampling, patrolling, leak surveys, regulator station inspection and testing, and valve maintenance, a violation of 49 CFR Part 192.603(b).
 - 14 BTU does not have line markers/signs at the purchase stations, a violation of 49 CFR Part 192.707(c).
 - 15 BTU did not design relief valves to prevent their unauthorized operation (valves were not locked), a violation of 49 CFR Part 192.199(h).
 - 16 Btu is not inspecting system for atmospheric corrosion at required intervals, a violation of 49 CFR Part 192.481.
-

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

UTILITY INSPECTION REPORT

Report Date: 5/14/2007

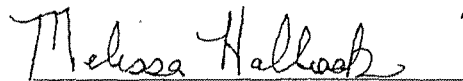
Report Number: BTU-051407

RECOMMENDATIONS

BTU needs to take immediate action to correct the deficiencies.

ADDITIONAL INSPECTOR COMMENTS

Submitted by

 WA

Melissa Holbrook

Utility Regulatory and Safety Investigator I

Report Number: BTU-051407
DTR Number: 1

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.383 requires notification that an excess flow valve is available on each newly installed service line or replaced service line that operates continuously throughout the year at a pressure not less than ten pounds per square inch gage

Deficiency:

BTU does not have an excess flow valve program, a violation of 49 CFR Part 192 383.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 2

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.616 Public awareness. Each operator shall establish a continuing educational program to enable customers, the public, appropriate government organizations, and persons engaged in excavation...

Deficiency:

BTU has not developed and implemented a written continuing public education program, a violation of 49 CFR Part 192.616.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 3

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.805(b) Qualification program... (b) Ensure through evaluation that individuals performing covered tasks are qualified;

Deficiency:

BTU has not evaluated individuals performing covered tasks on the pipeline for qualification, a violation of 49 CFR Part 192.805(b).

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407

Due Date: 6/25/2007

DTR Number: 4

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

807 KAR 5:006 Sec. 22 Each utility shall have on file ... a map or maps of suitable scale of the general territory it serves ...

Deficiency:

BTU does not have a map of the distribution system, a violation of 807 KAR 5:006 Section 22 (1).

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 5

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.707 Line markers for mains and transmission lines.

Deficiency:

BTU does not have adequate line markers, a violation of 49 CFR Part 192.707.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 6

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.321 Installation of plastic pipe... Plastic pipe must be installed below ground level unless otherwise permitted by paragraph (g) of this section...

Deficiency:

BTU is not installing plastic pipe below ground level as required, a violation of 49 CFR Part 192.321.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 7

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.605 Procedural manual for operations, maintenance, and emergencies... Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response...

Deficiency:

BTU's Operation and Maintenance manual does not contain the required written procedures for conducting operations and maintenance activities and for emergency response, a violation of 49 CFR Part 192.605.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 8

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.625(f) Odorization of gas. ... (f) Each operator shall conduct periodic sampling of combustible gases to assure the proper concentration of odorant in accordance with this section...

Deficiency:

BTU is not conducting periodic sampling for odorant, with equipment, at required intervals, a violation of 49 CFR Part 192.625(f).

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 9

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.721 Patrolling. Mains in places or on structures where anticipated physical movement or external loading could cause failure or leakage must be patrolled...

Deficiency:

BTU is not patrolling mains at required intervals, a violation of 49 CFR Part 192.721.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 10

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.723 Distribution systems: Leakage surveys... Each operator of a distribution system shall conduct periodic leakage surveys...

Deficiency:

BTU is not conducting leak survey's, with equipment, at required intervals, a violation of 49 CFR Part 192.723.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 11

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.747 Each valve...must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year.

Deficiency:

BTU is not inspecting and servicing valves at required intervals, a violation of 49 CFR Part 192.747.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 12

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.739 Each pressure limiting station, relief device, and pressure regulating station ... must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests...

Deficiency:

BTU is not inspecting and testing purchase stations at required intervals, a violation of 49 CFR Part 192.739.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 13

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.603(b) Each operator shall keep records necessary to administer the procedures established under § 192.605.

Deficiency:

BTU did not have the required records for atmospheric corrosion monitoring, odorant sampling, patrolling, leak surveys, regulator station inspection and testing, and valve maintenance, a violation of 49 CFR Part 192.603(b).

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 14

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.707(c) Line markers must be placed and maintained along each section of a main and transmission line that is located aboveground in an area accessible to the public.

Deficiency:

BTU does not have line markers/signs at the purchase stations, a violation of 49 CFR Part 192.707(c).

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 15

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.199(h) ...each pressure relief or pressure limiting device must...be designed to prevent unauthorized operation of any stop valve that will make the pressure relief valve

Deficiency:

BTU did not design relief valves to prevent their unauthorized operation (valves were not locked), a violation of 49 CFR Part 192.199(h).

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU-051407
DTR Number: 16

Due Date: 6/25/2007

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	5/10/2007	Melissa Holbrook

Regulation

49 CFR Part 192.481 Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion...

Deficiency:

Btu is not inspecting system for atmospheric corrosion at required intervals, a violation of 49 CFR Part 192.481.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00403 DATED DEC - 1 2009

415

**COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION**

UTILITY INSPECTION REPORT

Report Date: 5/29/2007

Report Number: BTU-052907

BRIEF

Inspector: Melissa Holbrook
Inspection Date: 5/15/2007
Type of Inspection: Investigation

Type of Facility: Private Distribution
Name of Utility: B.T.U. Gas Company, Inc.
Location of Facility: Salyersville, KY
Purpose of Inspection: Reportable Incident

Applicable Regulations 807 KAR 5:006, Section 26, 807 KAR 5:022, Section 13(16)(a), 807 KAR 5:027 Section 3(1)(a)(b)(c)(d)(f)(g), 49 CFR Part 191.5

INSPECTION

Description of Utility: Small natural gas distribution company operating in Eastern Kentucky.
Number of Customers: 412
Area of Operation: Magoffin County, KY
Supply Source: Private Wells
Distribution Description: The system consists of about 15 miles of 3" & 4" plastic operating at 70 psi.
Workforce Summary: 2-Owners & 4-Field
Utility Reps in Insp: Pam Williams
Date of Last Inspection: 5/4/2004
DTR from Last Insp: 1
DTRs not Cleared: 1

Summary of items and facilities inspected:

On May 11, 2007 at 18:32 Mr. Matt Gullion of HC 61 Box 16 Salyersville, KY struck a natural gas meter setting, located adjacent to his house, with his riding lawnmower. The meter assembly was broken causing gas to escape to atmosphere. The gas ignited, the lawn mower gas tank exploded and caught the dwelling on fire. Salyersville Fire Department responded to incident. Mr. Gullion suffered burns to his body and was airlifted by DHP Chopper Service to the UK Hospital burn unit. On Monday May 14, 2007 PSC Commission staff was made aware of the incident by news media. Melissa Holbrook, PSC Investigator, contacted BTU Gas Company to find out if this was their customer service area. She spoke with Pam Williams, owner, and was informed that this residence was their customer. Mrs. Williams was informed that it was BTU's responsibility to report within two hours all reportable incidents to Commission Staff as is mandated by KY and Federal Law. Mrs. Williams stated that "she did not know" of such a regulation. On May 15, 2007 Melissa investigated the scene, spoke with Jimmy Stamper,

**COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION**

UTILITY INSPECTION REPORT

Report Date: 5/29/2007

Report Number: BTU-052907

neighbor of Matthew Gullion and also obtained the Salyersville Fire Department report of the incident.

**COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION**

UTILITY INSPECTION REPORT

Report Date: 5/29/2007

Report Number: BTU-052907

FINDINGS

RECOMMENDATIONS

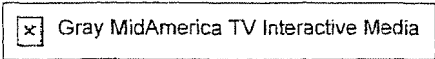
Public Commission Staff recommends a Show Cause due to not reporting incident.

ADDITIONAL INSPECTOR COMMENTS

Please see attached pictures and fire departments report.

Submitted by

Melissa Holbrook
Utility Regulatory and Safety Investigator I



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Church Members Praying For Pastors Recovery

michael.phillips@wymtnews.com

Email Address: [Michael Phillips](#)

[Church Members Praying For Pastors Recovery - Michael Phillips Reports](#)

Sunday, churches across country are celebrating Mother's Day, but one Eastern Kentucky church had something else to celebrate.

A simple prayer, an uplifting song, a word of encouragement. One member of First Baptist Church Salyersville was missing Sunday morning, but church members say his impact there is undeniable

"When you say Matthew's name just in the community, everybody knows him. It's not just us here at the church," said church member Kerry Howard.

Pastor Matthew Gullion is recovering at UK hospital after his accidentally hit a gas line on his house with his lawn mower causing an explosion. But even in his time of difficulty, church members say he always puts others first.

"He told me, I just pray that the Lord can use these burns that I have to glorify his name," said church member Michael Lyons.

The church sign says Pastor Matthew Gullion, but church members say he's much more than that, he's a friend.

"He's an awesome man, an awesome friend, an awesome brother in Christ," said church member Parnell Campbell.

Pastor Gullion still has weeks of recovery ahead for him, but his congregation, his friend's say his works will continue wherever he's at.

Pastor Gullion is still at UK hospital and has been downgraded to serious condition.

Post Your Comments

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First Name:

Location:

Enter Comments:

E-mail: (optional)

Submit Your Comment for Approval

Read Comments

Find this article at:

<http://www.wkyt.com/wymtnews/headlines/7486697.html>

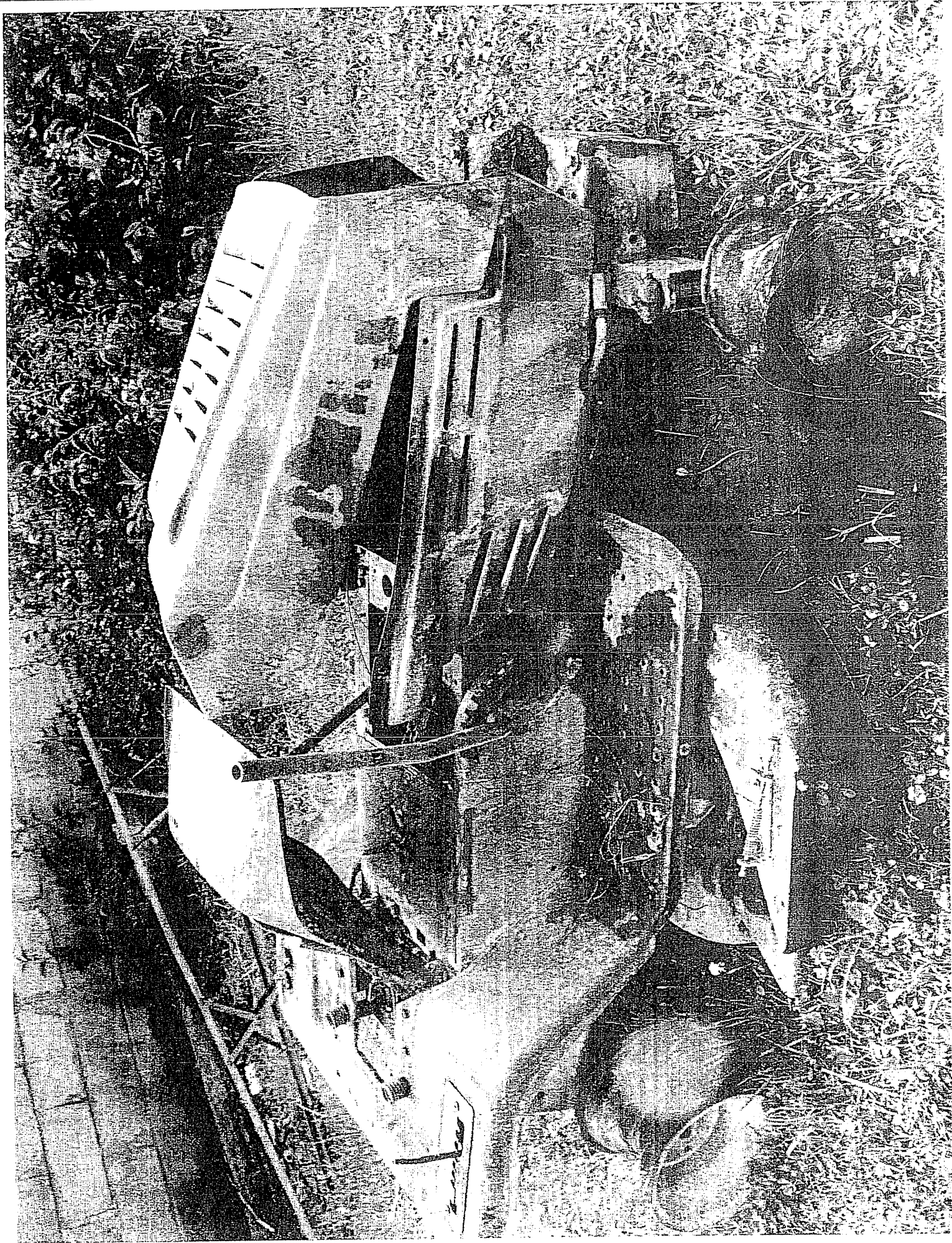
Check the box to include the list of links referenced in the article.

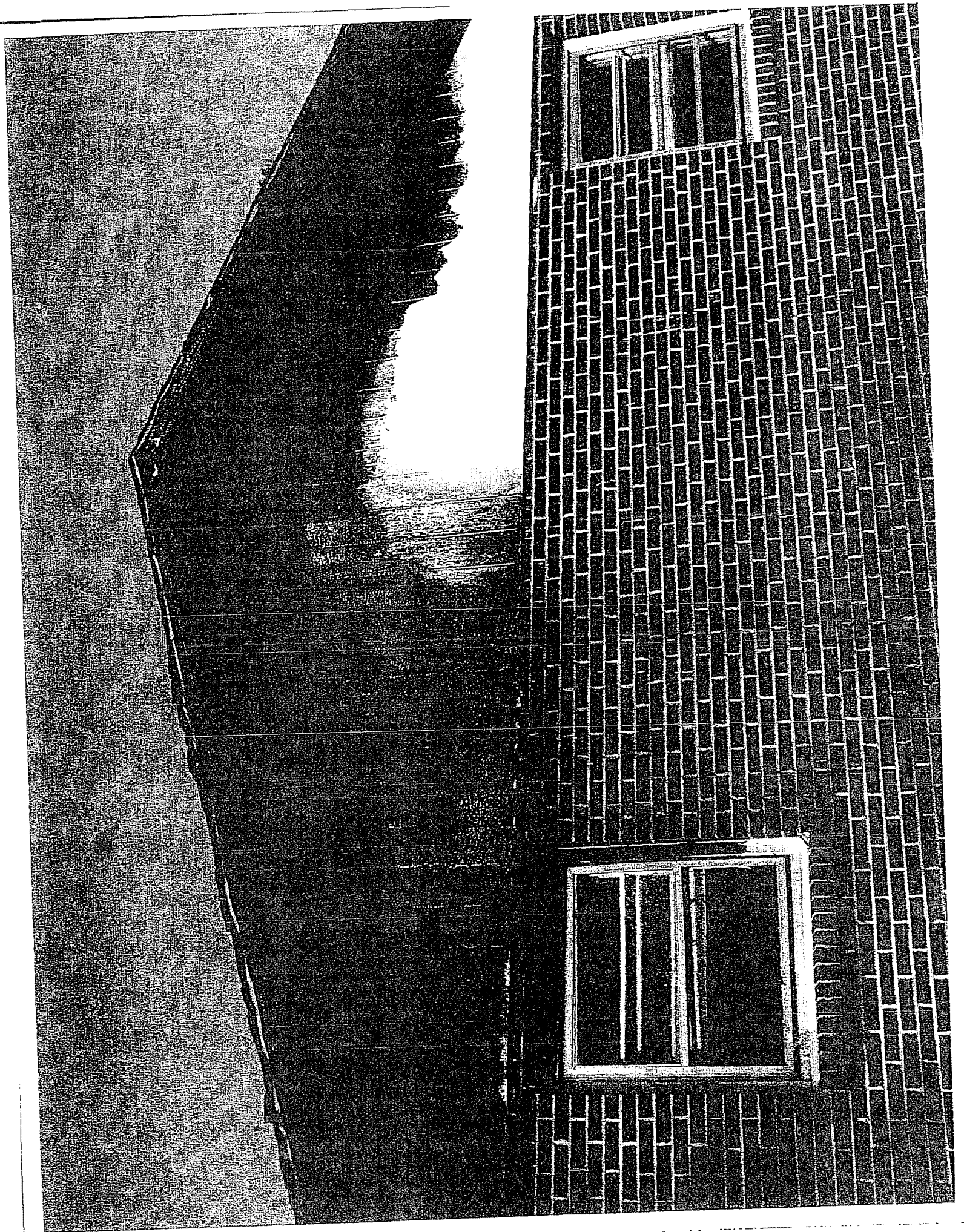
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SALYERSVILLE FIRE DEPARTMENT

Incident Record: 094 Officer in Charge: Perkins, Samuel

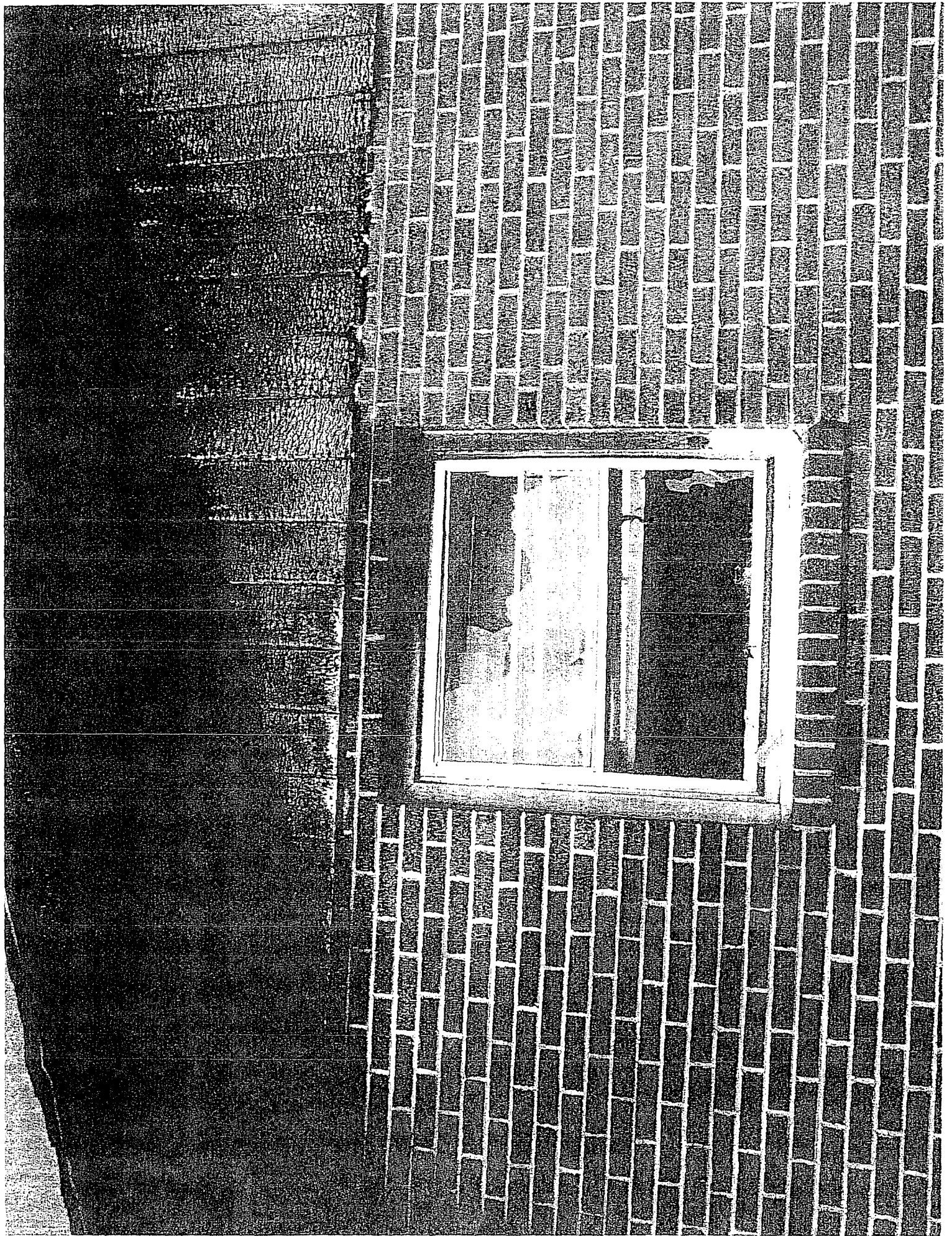
Date	Type of Incident	Person Name		Location of Incident	
05/11/2007	Structure Fire	First Baptist Church Of Salyersville		Route 30	
Time of Incident	Arrival Time	Time Back	Total Hours	Estimated Value	Estimated Loss
18:32	18:34	20:26	01.54	130,000	20,000
Responding Firefighters		Apparatus	Used	Apparatus Run Information	
Watson Matthew Walters Russel E. Ross Jeffery Risner Stephen Pelphery Steve Perkins Samuel Nickles Ray Nickles Mike Howard Paul Howard Michael P. Conley Paul D. Back John		Eng#1 Eng#2 Squad#1 Rescue Squad#2 Exp.#1 Tank#1 Truck#1 Boat#1	Yes Yes	Insurence was through Farm Bearu Mathew Gullion was on the mower and was taken by a chopper 30 years of age First Baptist Church Parsnige	
Received by:	Requested by:	Mutual Aid Details			
Dist 3	Salyersville FD	requested a tanker			
Equipment Used	Tools Used	Injuries	Injury Details	Hazmat Details	
350 ft of 2 1/2 inch hose, 300 ft of 1 1/2 hose	Chainsaw, axe, pike pole 12 ft and 6 ft,	0	Mathew Gullion, was on the riding mower and had burns	0	
Road Conditions	Weather Conditions	Wind Conditions			
dry	clear	5-10			
Incident Comments					
call was received by 911 dispatch, lawnmower fire on route 30, on arrival we found they had hit a gas line, and a it blew up and cought the house on fire, we called for DHP and a chopper service they came to pick up Mathew Gillion, he was on the riding mower, we notified the gas company to come shut off the gas, and contacted the Electric company to tell them we shut off the power, we proceeded to put out the fire, all 200 units went 98					

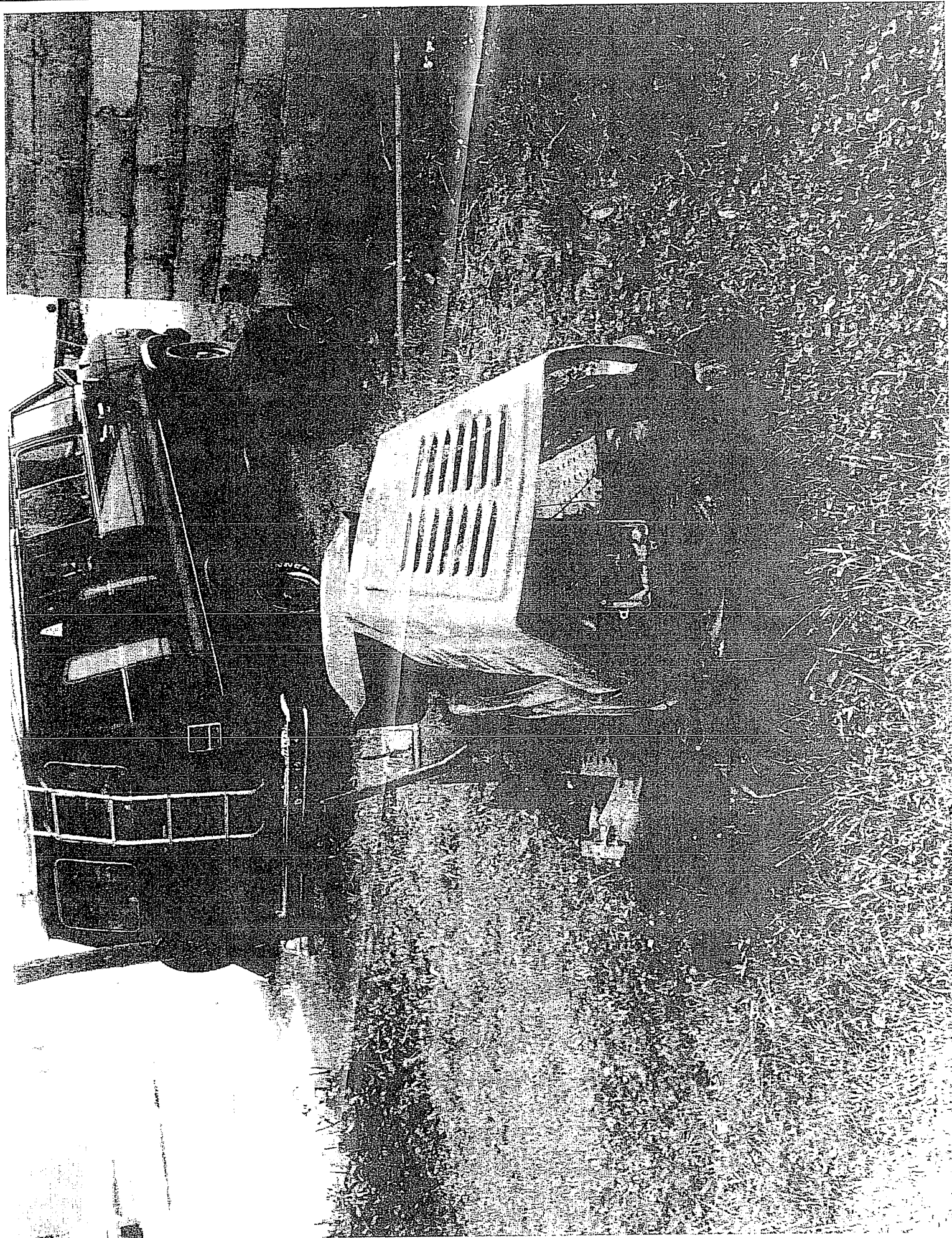


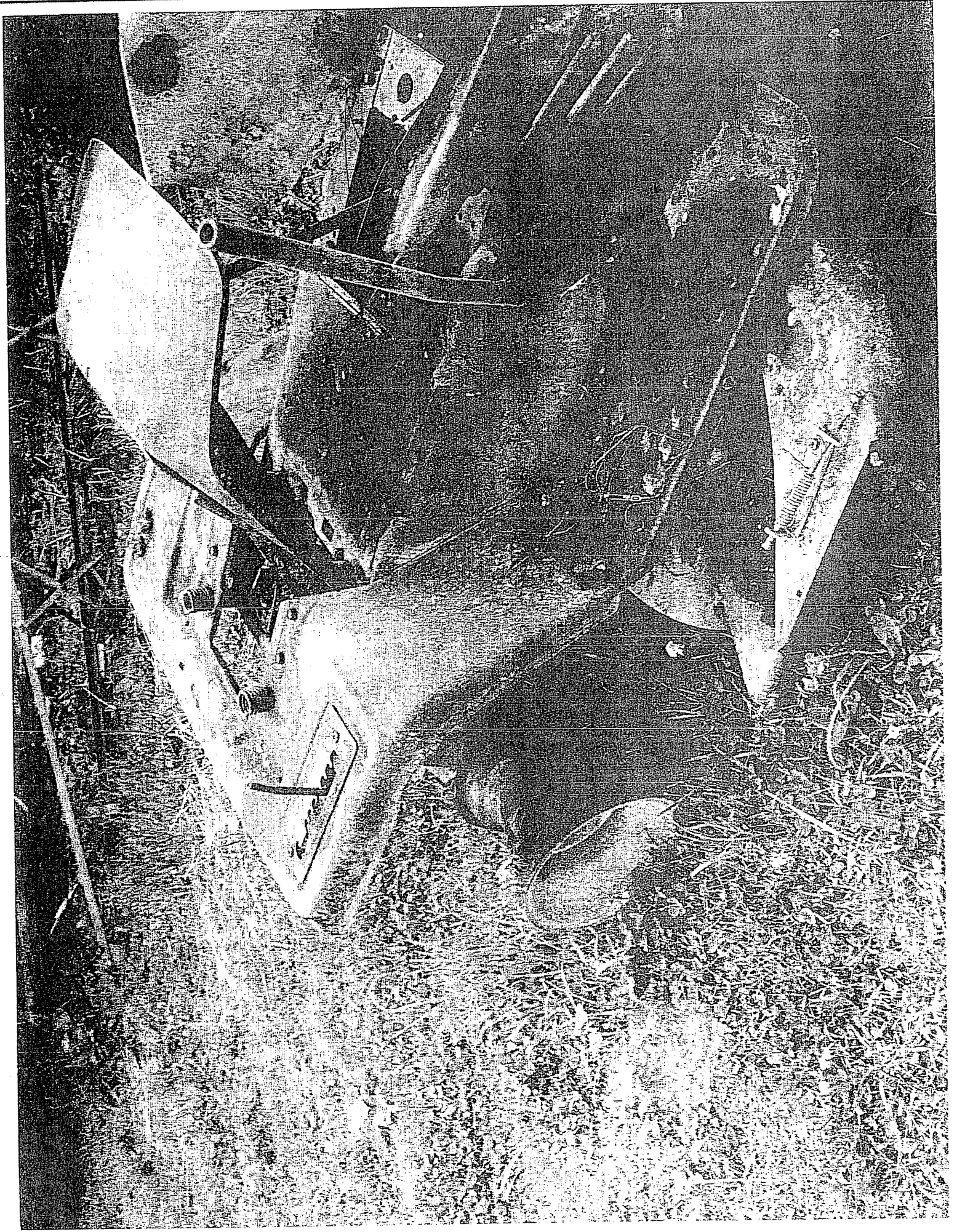


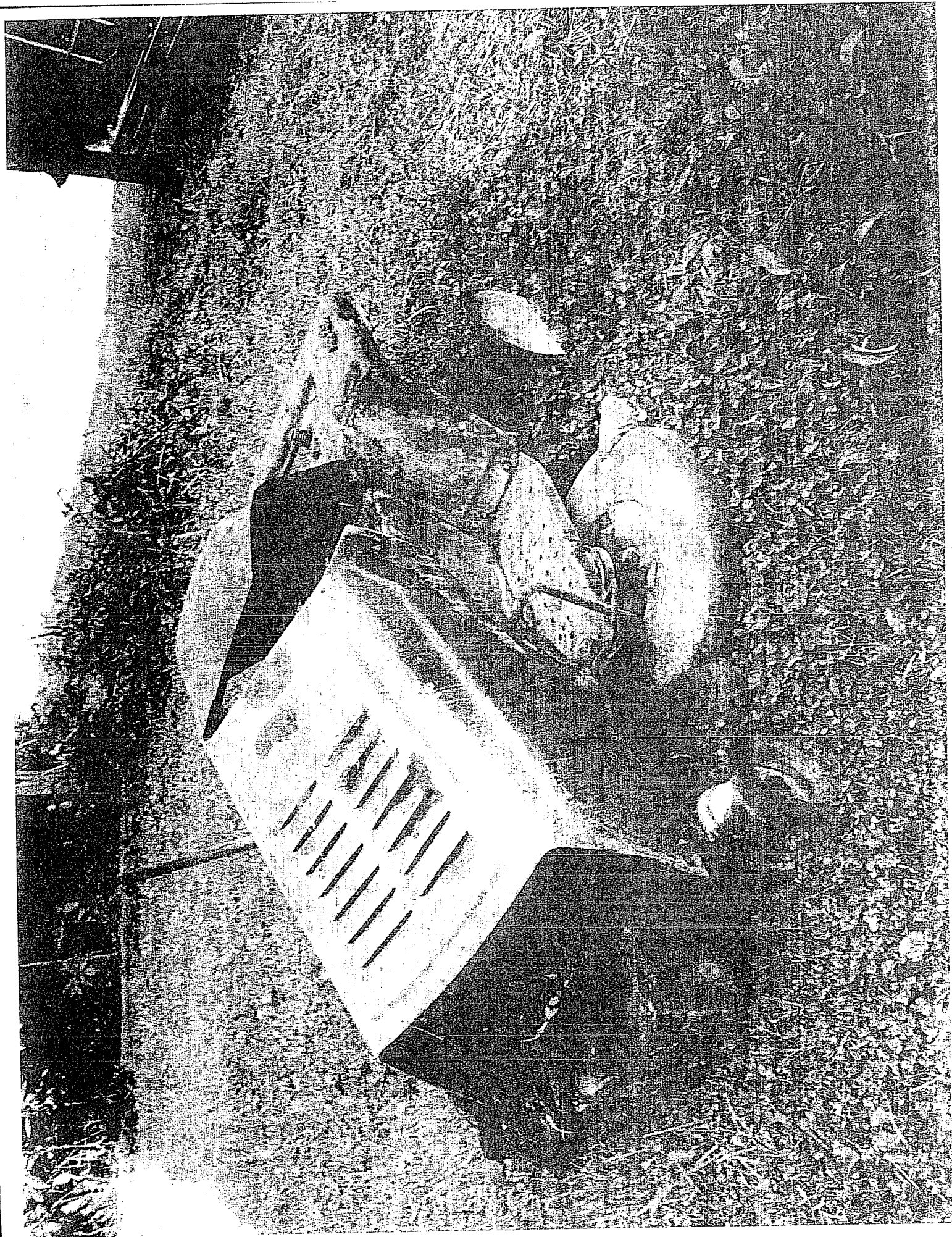


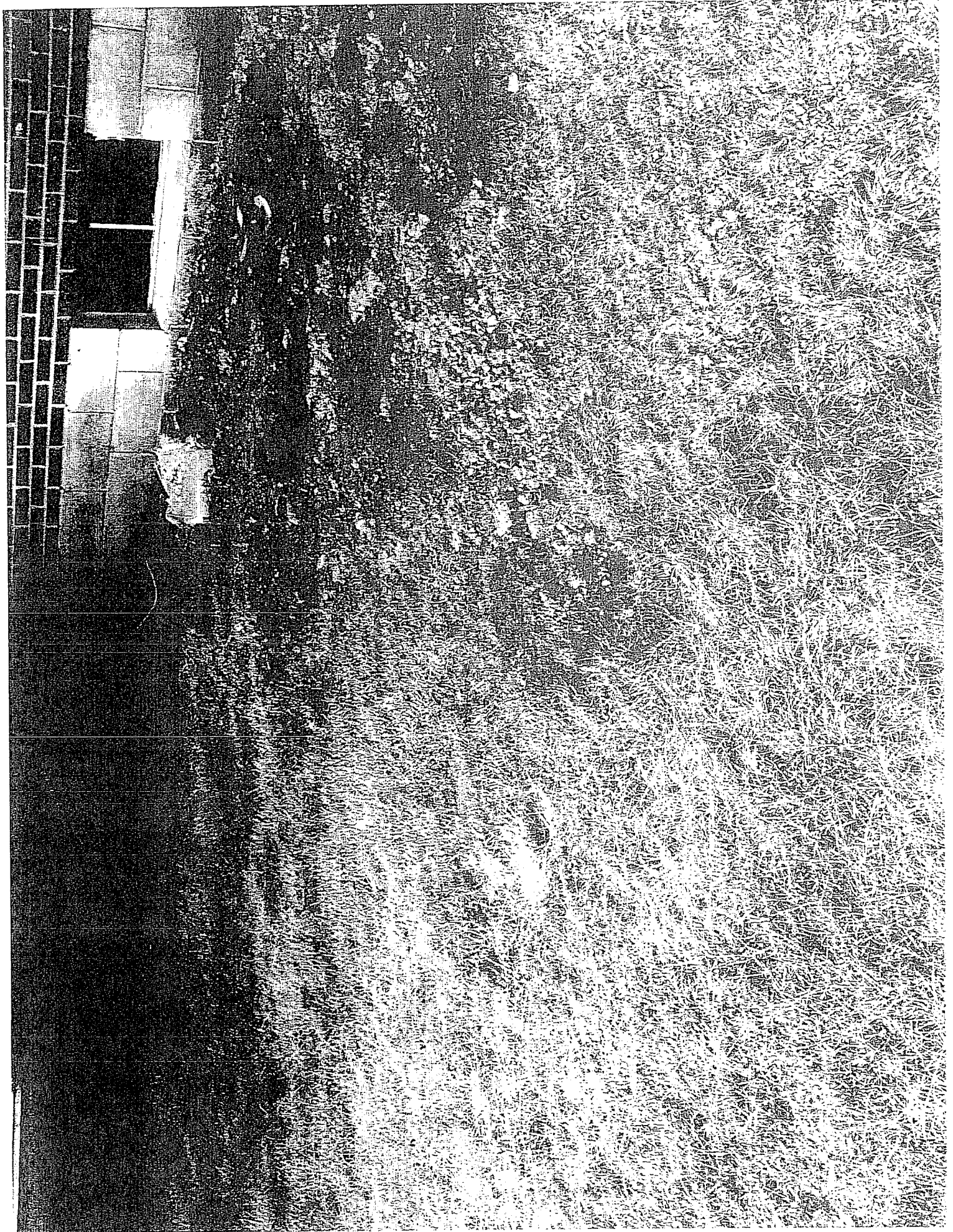


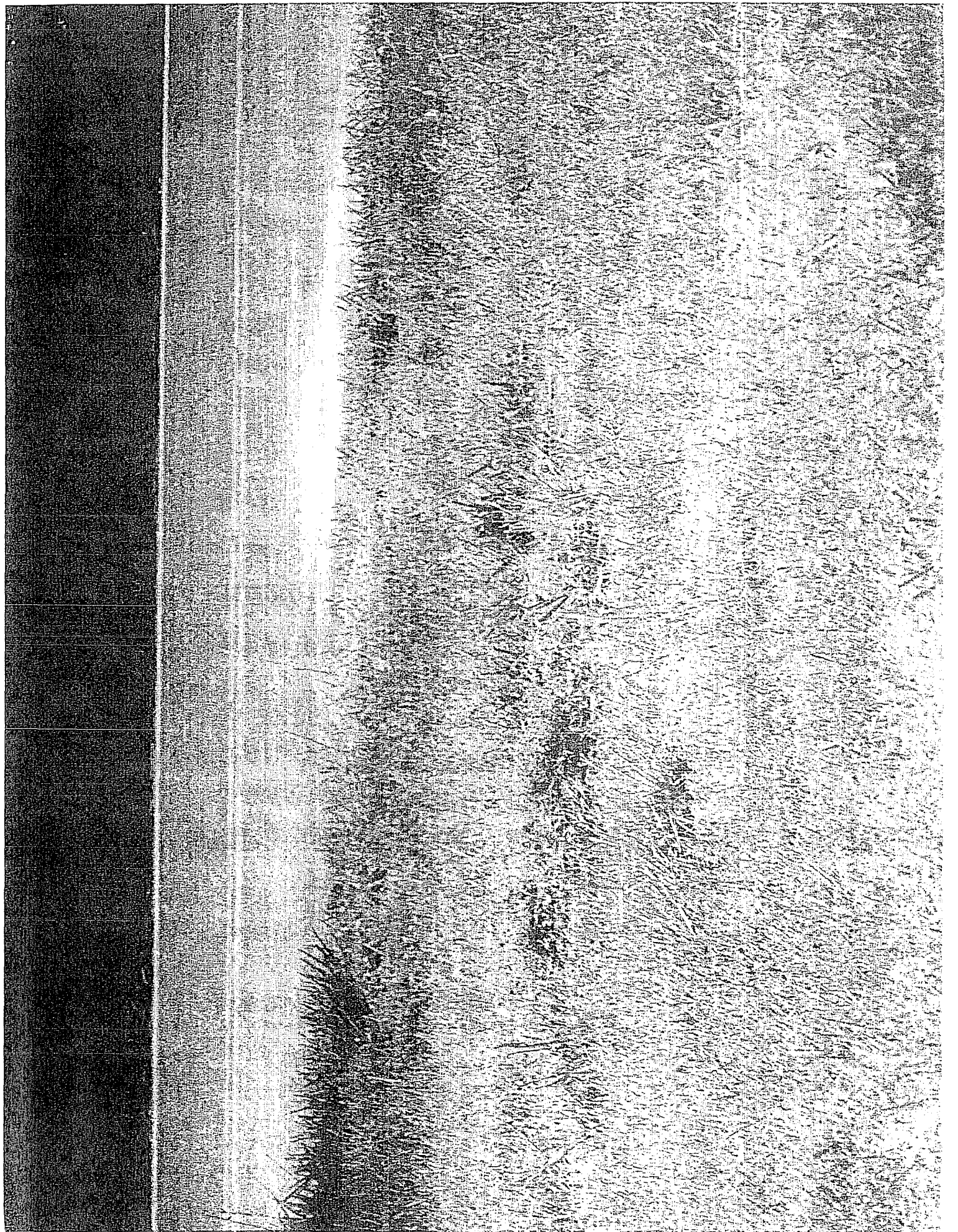


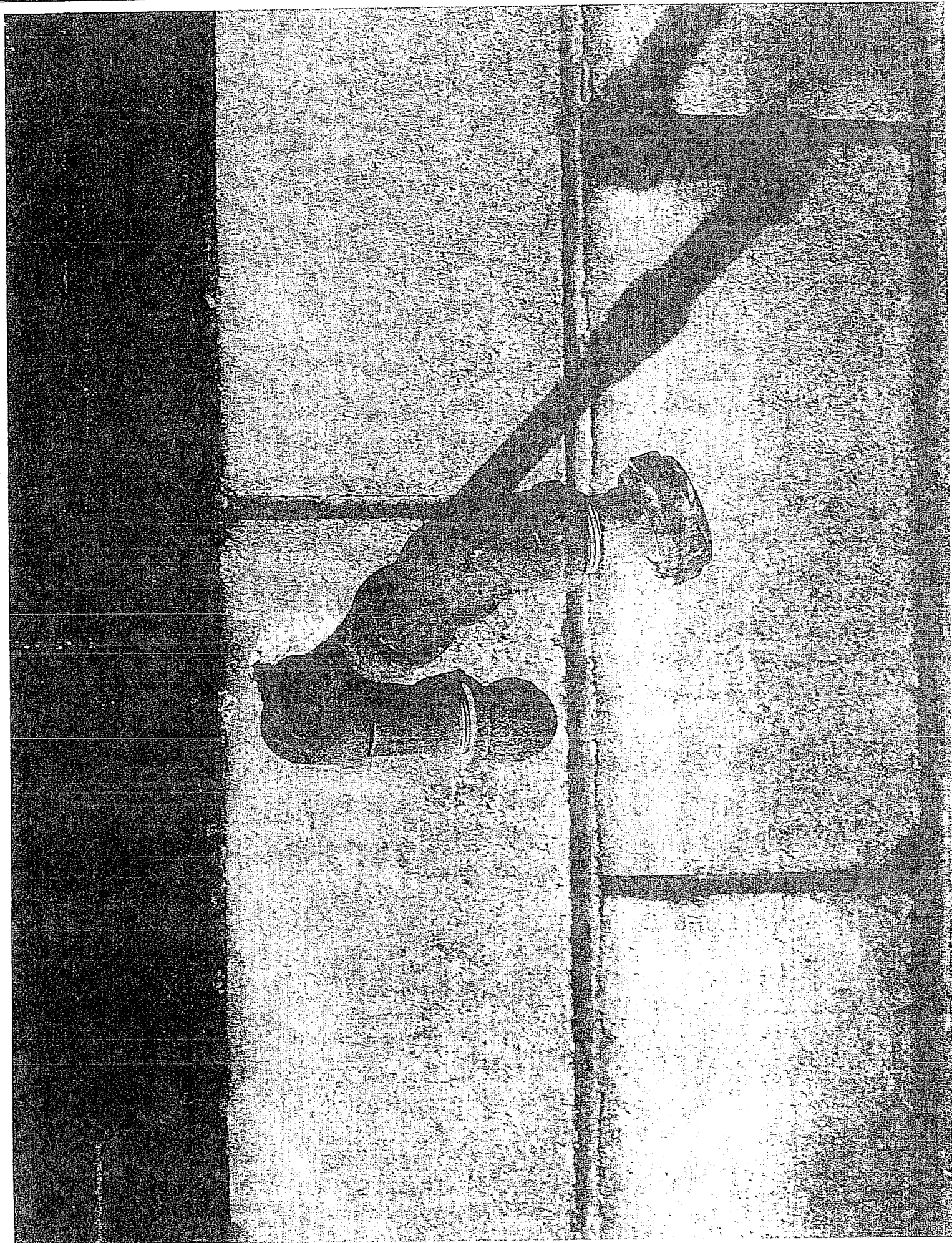












APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00403 DATED **DEC - 1 2009**

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.616(b) The operator's program must follow the general program recommendations of API RP 1162 and assess the unique attributes and characteristics of the operator's pipeline and facilities.

Deficiency:

BTU's written Public Awareness Program does not follow the recommendations of API RP 1162 and BTU did not have records to indicate their public awareness messages were given to customers twice annually as recommended.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.805 Operator Qualification Program Each operator shall have and follow a written qualification program.

Deficiency:

BTU's Operator Qualification Plan does not include a list of covered tasks, a list of individuals and the tasks each is qualified to perform, and did not identify the intervals at which evaluation of the individual's qualification is needed.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.605(b)(9) Taking adequate precautions in excavated trenches to protect personnel from the hazards of unsafe accumulations of vapor or gas, and making available when needed at the excavation, emergency rescue equipment, including a breathin

Deficiency:

BTU's Operation and Maintenance manual did not address procedures for taking precautions in situations of unsafe accumulations of gas.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.625(f) Odorization of gas. ... (f) each operator must conduct periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable.

Deficiency:

BTU is not using an instrument capable of determining the percentage of gas in air while conducting weekly odorant samplings.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.721 Patrolling. Mains in places or on structures where anticipated physical movement or external loading could cause failure or leakage must be patrolled...

Deficiency:

BTU has not patrolled mains where anticipated physical movement or external loading could cause failure or leakage (i.e. river crossings, lines under stress) and has not documented these lines or the intervals at which they must be patrolled.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.723 (b)(1) A leakage survey with leak detector equipment must be conducted in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at

Deficiency.

BTU has not identified business districts within their system or conducted leak surveys with leak detector equipment within those districts annually.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.723(b)(2) A leakage survey with leak detector equipment must be conducted outside business districts as frequently as necessary, but at least once every 5 calendar years at intervals not exceeding 63 months. However, for cathodically unpr

Deficiency:

BTU has not conducted leak surveys with leak detector equipment outside of business districts at the required intervals.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.747 Each valve...must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year.

Deficiency:

BTU did not have critical or system safety valves listed in their records and did not identify specifically when each valve was checked and serviced.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.739 Each pressure limiting station, relief device, and pressure regulating station ... must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests...

Deficiency:

BTU did not have regulators and relief devices listed in their records to identify specifically that each had been inspected each year.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Report Number: BTU Gas Co 071409
DTR Number: 10

Due Date: 9/2/2009

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.481 Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion...

Deficiency:

BTU was not inspecting their system for atmospheric corrosion on their above ground piping.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.603(b) Each operator shall keep records necessary to administer the procedures established under § 192.605.

Deficiency:

BTU did not have records to show their Operation and Maintenance procedures were being implemented for odorant sampling, patrolling, leak surveys, regulator inspections, and valve inspections.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.614 Damage prevention program...each operator of a buried pipeline must carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities...

Deficiency:

BTU was not a member of a qualified one-call center.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 191.11(a) Except as provided in paragraph (b) of this section, each operator of a distribution pipeline system shall submit an annual report for that system on Department of Transportation Form RSPA F 7100.1-1.

Deficiency:

BTU did not submit their annual report form (RSPA F7100. 1-1) each year as required by 49 CFR 191.11.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 199.101 Anti-drug plan (a) Each operator shall maintain and follow a written anti-drug plan that conforms to the requirements of this part and the DOT Procedures.

Deficiency:

BTU did not have a written anti-drug plan as required by 49 CFR 199.101.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 199.202 Alcohol misuse plan Each operator must maintain and follow a written alcohol misuse plan that conforms to the requirements of this part and DOT Procedures concerning alcohol testing programs.

Deficiency:

BTU did not have a written alcohol misuse plan as required by 49 CFR 199.202.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

807 KAR 5:006 Sec. 14(b) For dangerous conditions. If a dangerous condition relating to the utility's service which could subject any person to imminent harm or result in substantial damage to the property of the utility or others, is found to exist . .

Deficiency:

BTU customer at HWY 867 house #238 had above ground plastic water pipe with hose clamps in use for their gas service line.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

Deficiency Tracking Report

Deficiency Detail

Utility	Date of Investigation	Investigator
B.T.U. Gas Company, Inc.	7/14/2009	Steve Samples

Regulation

49 CFR Part 192.807 Recordkeeping. Each operator shall maintain records that demonstrate compliance with this subpart.

Deficiency:

BTU is not maintaining records that demonstrate compliance with the Operator Qualification regulation.

If Repeat Deficiency, Date of Last DTR:

Response (attach additional pages as necessary)

1) Explain why the deficiency occurred. Include information about what caused the deficiency and why it was not detected by the utility. (Attach extra pages as necessary)

2) Explain actions taken to correct the deficiency, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

3) Explain actions taken to prevent the deficiency from occurring again, including utility's responsible person, actions taken, and when it was (or will be) done. (Attach extra pages as necessary)

Response Provided By: _____

Response Date: _____

Signature: _____

APPENDIX D

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00403 DATED **DEC - 1 2009**



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

August 14, 2009

Mr. Richard Williams
B.T.U. Gas Company, Inc.
P.O. Box 707
Salyersville, KY 41465

NATURAL GAS FACILITIES INSPECTION OF B.T.U. GAS COMPANY, INC.

On July 14, 2009 Mr. Steve Samples conducted a periodic regulatory compliance inspection of the natural gas facilities of B.T.U. Gas Company, Inc. ("BTU") in Salyersville, Kentucky. The previous inspection was conducted on May 10, 2007 in which sixteen deficiencies were documented that subsequently led to a "show-cause" proceeding being initiated. The inspection conducted on July 14, 2009 revealed that of the sixteen previously documented deficiencies, six have been corrected, and ten remain. Furthermore, seven additional deficiencies were noted during that inspection.

A copy of the inspection report is attached for your review. Seventeen deficiencies were documented during this periodic inspection (ten outstanding from the previous inspection and seven additional). You are requested to respond to this report, outlining corrective actions for the seventeen cited deficiencies by **September 2, 2009**. Please provide your responses on the copies of the Deficiency Tracking Reports sent with this letter by completing the three separate sections under the Response heading for the cited deficiency.

To comply with applicable regulations and correct the noted deficiencies, BTU shall:

1. Modify their public awareness program to follow the general program recommendations of API RP 1162.
2. Develop and implement an Operator Qualification ("OQ") plan that includes and complies with the key elements outlined in 49 CFR Part 192.805.
3. Modify its Operation and Maintenance ("O&M") manual to address procedures for taking precautions in situations of unsafe accumulations of gas. BTU shall also make available when needed, any emergency rescue equipment (such as a breathing apparatus, harness, and/or rescue line).
4. Use an instrument capable of determining the percentage of gas in air while conducting weekly odorant samplings have qualified personnel conduct these samplings, and maintain adequate records (date conducted, name of personnel

- performing this task, details of equipment used, findings, actions taken, etc.).
5. Maintain a list of any river crossings and mains under stress (that may be subject to physical movement or external loading that could lead to failure or leakage), document the frequency in which these mains will be patrolled, have qualified personnel patrol these mains, and maintain adequate records of the patrols (date conducted, name of personnel conducting patrol, detailed description of mains patrolled, findings, actions taken, etc.).
6. Identify business districts within the system, have qualified personnel conduct leak surveys with leak detector equipment within those districts at the proper intervals, and maintain adequate records of the leak surveys (date conducted, name of personnel conducting survey, detailed description of area and pipelines surveyed, details of equipment used, findings, actions taken, etc.).
7. Have qualified personnel conduct leak surveys, with leak detector equipment, outside of business districts at the required intervals and maintain adequate records of the leak surveys (date conducted, name of personnel conducting survey, detailed description of area and pipelines surveyed, details of equipment used, findings, actions taken, etc.).
8. Identify and maintain a list of critical or system safety valves, have qualified personnel check and service each valve at required intervals, and maintain adequate records for each valve inspection (date conducted, name of personnel conducting checks and services, detailed description/identification of valves checked and serviced, details of procedures performed, findings, actions taken, etc.).
9. Maintain a list of each pressure limiting station, relief device, and pressure regulating station, have qualified personnel conduct inspections and tests at required intervals, and maintain adequate records for each inspection (date conducted, name of personnel conducting inspections and tests, detailed description/identification of stations and/or devices inspected and tested, details of procedures performed, findings, actions taken, etc.).
10. Have qualified personnel inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion and maintain adequate records for each inspection (date conducted, name of personnel conducting inspections, detailed description/identification of facilities inspected, details of procedures performed, findings, actions taken, etc.).
11. Maintain records to show that O&M procedures are being implemented for odorant sampling, patrolling, leak surveys, regulator inspections, and valve inspections. Records shall include, at a minimum, the date or dates the sampling, patrol, survey, or inspection was conducted, the name or names of the qualified personnel performing the task, sufficient details identifying specifically what procedure was performed, and any actions taken or required.
12. Become a member of a qualified one-call system.
13. Submit an annual report for its system on Department of Transportation ("DOT") Form RSPA F7100.1-1 each year, not later than March 15, for the preceding calendar year.
14. Maintain and follow a written anti-drug plan that conforms to the requirements of 49 CFR Part 199 and DOT procedures.
15. Maintain and follow a written alcohol misuse plan that conforms to the requirements of 49 CFR Part 199 and DOT procedures concerning alcohol testing programs.

16. Address and resolve any dangerous conditions relating to the utility's service found to exist on the customer's premises.
17. Record, maintain, and retain records that demonstrate compliance with 49 CFR Part 192 Subpart N concerning operator qualification, including the following:
 - (A) Identification of qualified individual(s);
 - (B) Identification of the covered tasks the individual is qualified to perform;
 - (C) Date(s) of current qualification; and
 - (D) Qualification method(s).

It is recommended that:

1. To comply with OQ requirements, BTU either consults the operator qualification protocol questions and sample OQ plan previously supplied to them or use a qualified third-party contractor to develop and implement their OQ plan.
2. BTU routinely update their map to include any new pipelines and/or service connections installed in their system or those not shown on the map provided during the July 2009 inspection.
3. BTU place "BTU Gas Company, Inc." name and contact information on line markers installed on the BTU system.

If you have any questions or need additional information, you are welcome to contact me at (502) 564-3940. We appreciate your continued interest in the safe operation of your gas facilities.



JASON R. BRANGERS, P.E., MANAGER, GAS BRANCH, DIVISION OF ENGINEERING

JRB:mae

Attachment: B.T.U. Gas Company 071409 Inspection Report

APPENDIX E

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00403 DATED **DEC - 1 2009**

P.O. BOX 707
SALYERSVILLE, KY 41465
PHONE: 606-884-2000
FAX: 606-884-2010

BTU GAS COMPANY, INC.

September 3, 2009

Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602

RECEIVED

SEP 08 2009

PUBLIC SERVICE
COMMISSION

RE: Extension of time

Dear Mr. Brangers;

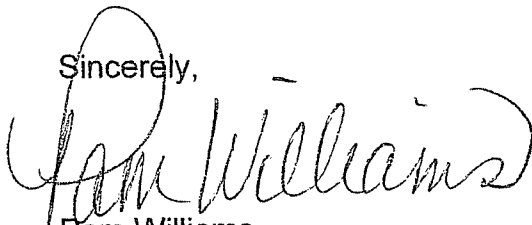
I am requesting an extension of time to answer the inspection on July 14, 2009 by Mr. Steve Samples of our gas system.

Since August 14, 2009 my mother-in-law has been in the hospital. She is 90 years old, has Alzheimer's, kidneys shutting down and tumor in her colon. The doctors have done all they can do. So for the past two weeks we have been there.

We have just gotten back in the office this week. I have started working on these but I realized today that it was due yesterday (2nd) and I apologize for that. I will get it in just as soon as I have it completed.

Should you have any questions or need any further information please feel free to contact me anytime.

Sincerely,



Pam Williams
BTU Gas Company, Inc.

.....
BE KIND TO EVERYONE YOU MEET!!!

Honorable Karen Chrisman
Attorney at Law
McBrayer, McGinnis, Leslie & Kirkland PLLC
305 Ann Street
Suite 308
Frankfort, KY 40601

Angela Hamilton
Registered Agent
B.T.U. Gas Company, Inc.
P. O. Box 707, Oakley Road
Salysersville, KY 41465

Pamela Williams
B.T.U. Gas Company, Inc.
P. O. Box 707, Oakley Road
Salysersville, KY 41465