

CASE

NUMBER:

99 221

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WHEELWRIGHT UTILITY COMMISSION)
ALLEGED VIOLATIONS OF) CASE NO.
ADMINISTRATIVE REGULATION) 99-221
807 KAR 5:022 AND 49 CFR 189-199)

RECEIPT OF PAYMENT

This is to acknowledge receipt of one check in the amount of \$500.00, payable to Kentucky State Treasurer on August 19, 1999 from Wheelwright Utility Commission. This represents full payment of the penalty assessed against them in the above-styled action.



Stephanie Bell
Secretary of the Commission
Dated 9-16-99



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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

CERTIFICATE OF SERVICE

RE: Case No. 99-221
WHEELWRIGHT UTILITY COMMISSION

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on August 13, 1999.

Parties of Record:

Gary McCoy
Superintendent
Wheelwright Utility Commission
P. O. Box 255
Wheelwright, KY. 41669

Stephanie J. Bell

Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WHEELWRIGHT UTILITY COMMISSION)
)
_____))
)
ALLEGED VIOLATIONS OF)
ADMINISTRATIVE REGULATION)
807 KAR 5:022 AND 49 CFR 189-199)

CASE NO. 99-221

O R D E R

Wheelwright Utility Commission ("Wheelwright") is a municipally owned natural gas distribution system that serves the city of Wheelwright, Kentucky.

Wheelwright, as a municipally owned gas distribution system, is subject to the safety jurisdiction of the Public Service Commission of Kentucky ("Commission"), pursuant to KRS 278.495(2). Wheelwright 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 and KRS 278.992.

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 April 30, 1999, and a show cause Order was entered on June 8, 1999.

An informal conference was scheduled on June 13, 1999 to discuss the violations, as set out in that inspection report, and the civil penalty to be imposed. At

the informal conference, Wheelwright and Commission Staff reached a settlement agreement wherein Wheelwright agreed it was in violation of the following regulations:

1. 807 KAR 5:022, Section 13(17)(g), failure to conduct odorant checks during 1998.
2. 807 KAR 5:022, Section 13(2)(b), failure to keep patrolling records for 1998.
3. 807 KAR 5:022, Section 14(13), failure to have warning signs posted.
4. 807 KAR 5:022, Section 14(25), failure to keep valve inspection records for 1998.

It was further agreed that Wheelwright will comply with the pipeline safety regulations and will maintain the required reports in a timely manner, and that Wheelwright will be assessed a total civil penalty of \$500.

After due consideration of the foregoing and being otherwise sufficiently advised, the Commission finds that the settlement agreement dated July 26, 1999 is fair and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

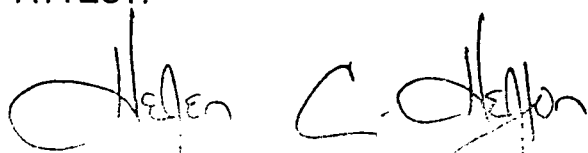
1. The settlement agreement, attached as Appendix A, be and hereby is incorporated into this Order as if fully set forth herein.
2. Wheelwright is assessed a civil penalty of \$500 for violations pursuant to KRS 278.992(1). Within 10 days of the date of this Order, Wheelwright shall pay to the Commonwealth of Kentucky the sum of Five Hundred Dollars (\$500). This payment shall be in the form of a cashier's check made payable to Kentucky State Treasurer, and

shall be mailed or delivered to Office of General Counsel, Public Service Commission,
730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602.

Done at Frankfort, Kentucky, this 13th day of August, 1999.

By the Commission

ATTEST:

A handwritten signature in cursive script that reads "Helen C. O'Connell". The signature is written in black ink and is positioned above a horizontal line.

Executive Director

APPENDIX A
AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-221 DATED AUGUST 13, 1999

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WHEELWRIGHT UTILITY COMMISSION)	
ALLEGED VIOLATIONS OF)	
ADMINISTRATIVE REGULATION)	CASE NO. 99-221
807 KAR 5:022 AND 49 CFR 189-199)	

SETTLEMENT AGREEMENT

On June 13, 1999, an informal conference was held between Commission Staff and representatives of Wheelwright Utility Commission ("Wheelwright"). At the conference Wheelwright admitted that it had violated the Commission's regulations as set out herein.

Based upon negotiations with Staff, it was agreed that Wheelwright was in violation of the following regulations:

1. 807 KAR 5:022, Section 13(17)g, in that it failed to conduct odorant checks during 1998.
2. 807 KAR 5:022, Section 13(2)(b), in that it failed to keep patrolling records for 1998.
3. 807 KAR 5:022, Section 14(13), in that it failed to have warning signs posted.
4. 807 KAR 5:022, Section 14(25), in that it failed to keep valve inspection records for 1998.

Wheelwright agrees to comply with the Pipeline Safety Regulations and to maintain the required reports in a timely manner.

It is agreed that a penalty of Five Hundred Dollars (\$500.00) will be imposed for the violations.

Wheelwright will pay Five Hundred Dollars (\$500.00), by certified check, payable to the Kentucky State Treasurer, within 10 days after the approval of this Settlement Agreement by the Commission.

WHEELWRIGHT UTILITY COMMISSION

Monny Hall

Date: 7-21-99

KENTUCKY PUBLIC SERVICE COMMISSION

James R. Fogg

Date: 7-26-99



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940

July 19, 1999

Mr. Gary McCoy
Superintendent of Utilities
Wheelwright Utility Commission
Post Office Box 255
Wheelwright, Kentucky 41669

Re: Case No. 99-221
Wheelwright Utility Commission
Alleged Violations of Administrative
Regulation 807 KAR 5:022 AND 49 CFR 189-199

Dear Mr. McCoy:

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Questions regarding this memorandum should be directed to J.R. Goff at 502/564-3940, Extension 261.

Sincerely,

A handwritten signature in black ink, appearing to read "Helen C. Helton".

Helen C. Helton
Executive Director


JRG/v

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: File
Case No. 99-221

FROM: J. R. Goff 
Staff Attorney

DATE: July 19, 1999

RE: WHEELWRIGHT UTILITY COMMISSION
ALLEGED VIOLATIONS OF ADMINISTRATIVE
REGULATION 807 KAR 5:022 and 49 CFR 189-199

On June 8, 1999, the Commission issued an Order to Wheelwright to show cause why it should not be penalized under KRS 278.992(1) for the violations contained in the inspection report attached to the Order. On June 21, 1999, Wheelwright filed a response to the allegations. The Commission set an informal conference with Wheelwright for July 13, 1999.

Present at the meeting on July 13, 1999, were J. R. Goff, Larry Amburgey, Earl "Buster" Alderman, Jeff Schroeder and Eddie B. Smith for the PSC and Gary McCoy, Superintendent of Utilities, for Wheelwright Utility Commission.

Mr. McCoy was very forthcoming in the response filed by Wheelwright herein and in the discussion of each listed violation.

Wheelwright stated that the lack of odorant checks was due to the financial status of Wheelwright, but that it had recently purchased an odorant device and was now checking odorant levels weekly. Wheelwright admitted it had violated 807 KAR 5:022, Section 13(17)g, and that it was a repeat violation.

As to the violation of 807 KAR 5:022, Section 14(12), (the system patrolling) Wheelwright maintains that the patrolling was in fact done, but that no records were kept of the patrolling activities. The failure to keep records would be a violation of 807 KAR 5:022, Section 13(2)(b).

The violation of 807 KAR 5:022, Section 14(13), (no warning signs) has been cured by posting signs at the required locations that contain telephone number for emergency notification.

The violation of 807 KAR 5:022, Section 14(25), (no valve inspection records) is now being addressed by maintaining the proper records of the valve inspections.

MEMORANDUM: Wheelwright Utility Commission
July 19, 1999
Page Two

Wheelwright has admitted that it was in violation of the regulations as set out in the Order of June 8, 1999, except for the patrolling violation, stating that it did not maintain the required patrolling records.

It was agreed between Wheelwright and the Commission Staff that in settlement of the pending case, Wheelwright admits violation of the above regulations and Wheelwright will maintain all records and perform inspections in accordance with the applicable regulations.

The violations of the above regulations subject the offending utility to an assessment of civil penalties of \$25,000 for each violation for each day of the violation up to a maximum of \$500,000 as set out in KRS 278.992(1). The Commission Staff, after being persuaded by Mr. McCoy that Wheelwright is now in compliance and will remain in compliance with Commission regulations, has agreed to recommend to the Commission that a \$500 civil penalty be assessed for all violations.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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

July 9, 1999

Gary McCoy
Superintendent
Wheelwright Utility Commission
P. O. Box 255
Wheelwright, KY. 41669

RE: Case No. 99-221

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WHEELWRIGHT UTILITY COMMISSION)	
)	
_____)	CASE NO. 99-221
)	
ALLEGED VIOLATIONS OF)	
ADMINISTRATIVE REGULATION)	
807 KAR 5:022 and 49 CFR 189-199)	

O R D E R

Wheelwright Utility Commission ("Wheelwright") is a municipally owned natural gas distribution system, which serves the city of Wheelwright, Kentucky.

On June 8, 1999, the Commission issued an Order to Wheelwright to show cause. On June 21, 1999, Wheelwright filed a response to the allegations. The Commission, after reviewing the record and the response of Wheelwright, finds that an informal conference should be scheduled and that the public hearing should be continued.

IT IS HEREBY ORDERED that:

1. The public hearing set for July 13, 1999 herein is continued generally until further Orders of the Commission.

2. Wheelwright shall appear before the Commission on July 13, 1999, at 1:30 p.m., Eastern Daylight Time, in Conference Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of an informal conference with Commission Staff to consider any matter which would aid in the handling or disposition of this proceeding.

3. Wheelwright shall bring all documents to support its position and shall be represented by a corporate officer or counsel authorized to enter into any settlement agreement.

Done at Frankfort, Kentucky, this 9th day of July, 1999.

By the Commission

ATTEST:


Executive Director

Wheelwright Utility Commission

P.O. Box 255
Wheelwright, Kentucky 41669

606/452-4273

June 17, 1999

RECEIVED
JUN 21 1999

RECEIVED

JUN 21 1999

DIVISION OF UTILITY
ENGINEERING & SERVICES

Public Service Commission:

In response to your letter of violation of Administrative Regulation 807 KAR 5:022 and 49 CFR 189-199/Case No. 99-221:

Violation Number One

Odorant checks were not conducted during 1998

- (1) The financial status of Wheelwright Utilities has been very bad because the city commission refuses to raise the gas rates. We purchase gas from Ky West Virginia Gas Company at an average of \$7.00 per MCF, and we sell our gas to the customer at \$5.85 per MCF. For the last two years, we have cut everything as low as possible and we have worked on a real tight budget to save money to buy an odormeter. We have purchased the "odorator" from Heath Consultants and are now presently using and checking odorant levels weekly. (Invoice Enclosed)

Violation Number Two

System patrolling was not done in 1998

- (2) The patrolling is done by our field foreman, Mike Tackett. Mr. Tackett assured me the patrolling was done once each quarter. Mr. Tackett does not do the paper work. The failure to record the patrolling was my fault. As Superintendent I am also the water plant operator and distribution operator. Because of the time consumption of many job duties I failed to record it. I can only apologize, and say that in my fifteen years with Wheelwright Utilities this has never happened and this will never happen again. We have always kept the records up-to-date and have never received a violation.

Violation Number Three

No valve inspection records exist for the year 1998

- (3) The same is true. Mr. Tackett did perform this on the yearly leak survey that we do once a year. The failure was with me again in my failure to make record. I apologize

Page 2
June 17, 1999

and assure you it will never happen in the future. Mr. Tackett has problems with paper work because of his lack of education, but he did do his job by performing the valve inspection.

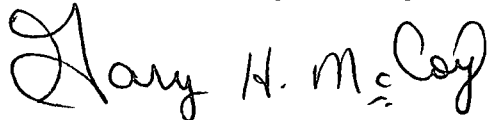
Violation Number Four

No warning signs are located at the regulation station

- (4) The signs are now posted on the fence with a telephone number to call in case of an emergency. I have made a telephone call to the Kentucky Gas Association, 1-800-455-9427, for information concerning training on safe and proper ways to respond to leakage calls and how to handle gas in an emergency. I am currently waiting for their information to arrive. Mr. Tackett will attend the training and possibly Mr. Keith Bevins. Once again I apologize for the incomplete recordkeeping, but I emphasize the work was performed and these violations will never arise in the future.

Sincerely

WHEELWRIGHT UTILITIES

A handwritten signature in cursive script that reads "Gary H. McCoy". The signature is written in dark ink and is positioned above the typed name.

Mr. Gary H. McCoy
Superintendent of Utilities



9030 MONROE ROAD
HOUSTON, TEXAS 77061
(713) 844-1300
FAX: (713) 844-1309

INVOICE DATE: 04/16/99
INVOICE NUMBER: PB143136
PAGE: 1

REMIT TO: HEATH CONSULTANTS, INCORPORATED
P.O. BOX 890496
DALLAS, TX 75389-0496

CUSTOMER: 314579
YOUR AUTHORIZATION/P.O.#: 053
REGION: 04
HEATH ORDER: 201238
DATE SHIPPED: 04/16/99
VIA: UPS
SHIPPING DOCUMENT

LINE NO.	STOCK NUMBER AND DESCRIPTION	QTY. ORD.	QTY. SHIP	QTY. B.O.	UNIT PRICE	TOTAL AMOUNT
1	0705637 HEATH ODORATOR NAT GAS S/N 29475	1	1 EA	0	1875.0000	1875.00

INVOICE

FEDERAL E.I. #04-2144731

Terms: NET 30 ORIGINAL INVOICE

TO: WHEELRIGHT GAS CO
UTILITY DEPT
MAIN STREET
WHEELRIGHT KY 41669

FROM: WHEELRIGHT GAS CO
UTILITY DEPT
MAIN STREET
WHEELRIGHT KY 41669

SUB TOTAL	1,875.00
TAX	112.50
HANDLG./INS./SHIPPING	0.00
AMOUNT DUE	12.25
\$	1,999.75



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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

June 8, 1999

Gary McCoy
Superintendent
Wheelwright Utility Commission
P. O. Box 255
Wheelwright, KY. 41669

RE: Case No. 99-221

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WHEELWRIGHT UTILITY COMMISSION)

)

CASE NO. 99-221

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ALLEGED VIOLATIONS OF)
ADMINISTRATIVE REGULATION)
807 KAR 5:022 AND 49 CFR 189-199)

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O R D E R

Wheelwright Utility Commission ("Wheelwright") is a municipally owned natural gas distribution system, which serves the city of Wheelwright, Kentucky.

Wheelwright, as a municipally owned gas distribution system, is subject to the safety jurisdiction of the Public Service Commission of Kentucky ("Commission"), pursuant to KRS 278.495(2). Wheelwright 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. KRS 278.992.

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 April 30, 1999, in which Commission Staff alleges the following four violations:

1. Odorant checks were not conducted during 1998. 807 KAR 5:022, Section 13(17)g, and 49 CFR Part 192.625 (f). This is a repeat violation.
2. System patrolling was not done in 1998. 807 KAR 5:022, Section 14(12) and 49 CFR Part 192.721.

3. No warning signs are located at regulator stations. 807 KAR 5:022, Section 14(13) and 49 CFR Part 192.723.

4. No valve inspection records exist for the year 1998. 807 KAR 5:022, Section 14(25) and 49 CFR Part 192.747.

Based on its review of the Comprehensive Inspection Report, and being otherwise sufficiently advised, the Commission finds that *prima facie* evidence exists that Wheelwright has failed to comply with Administrative Regulation 807 KAR 5:022.

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

1. Wheelwright shall appear before the Commission on July 13, 1999, at 1:30 p.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purposes of presenting evidence concerning the alleged violations of the regulations cited herein, and of showing cause why it should not be subject to the penalties prescribed in KRS 278.992(1) for these alleged violations.

2. The Comprehensive Inspection Report of Wheelwright, dated April 30, 1999, a copy of which is appended hereto, is made part of the record of this proceeding.

3. Wheelwright shall submit to the Commission within 20 days of the date of this Order a written response to the allegations contained in the Comprehensive Inspection Report.

4. Any motion requesting an informal conference with Commission Staff to consider any matter which would aid in the handling or disposition of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 8th day of June, 1999.

By the Commission

ATTEST:


Executive Director

APPENDIX

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-221 DATED JUNE 8, 1999

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

WHEELWRIGHT UTILITY COMMISSION
Wheelwright, Kentucky

April 30, 1999

BRIEF

Earl H. Alderman, Jr. and Jeffrey M. Schroeder conducted a comprehensive inspection of the natural gas facilities at Wheelwright Utility Commission, ("Wheelwright") on April 13, 1999. This inspection was conducted in accordance with the Public Service Commission's ("PSC") policy of inspecting all jurisdictional operators. Natural gas operators are jurisdictional to the PSC under KRS 278.040, 278.495 and also through a 5(a) Agreement with the United States Department of Transportation, Office of Pipeline Safety, for the enforcement of the Natural Gas Pipeline Safety Act of 1968.

INSPECTION

Wheelwright is a municipally owned gas distribution system operating in the City of Wheelwright, Kentucky, and serves approximately 270 customers.

A review was made of Wheelwright's Operating and Maintenance, Emergency, Damage Prevention, and Anti-Drug Plans during the office portion of the inspection. Also during the office visit, records were reviewed concerning the leak survey, system patrolling, odorization, valve maintenance, and regulator and relief valves.

During the field inspection, a partial leak survey was conducted along with checks on main line valves and residential meter settings.

Gary McCoy assisted us on this inspection.

Deficiencies noted during this inspection will be further discussed in the findings section of this report.

FINDINGS

The following deficiencies were found:

1. Odorant checks were not conducted during 1998. 807 KAR 5:022, Section 13(17)g, and 49 CFR Part 192.625(f). This is a repeat violation from the last inspection dated May 21, 1996.
2. System patrolling was not done in 1998. 807 KAR 5:022, Section 14(12) and 49 CFR Part 192.721.
3. No warning signs are located at regulator stations. 807 KAR 5:022, Section 14(13) and 49 CFR Part 192.723.
4. No valve inspections were made in 1998. 807 KAR 5:022, Section 14(25) and 49 CFR Part 192.747.

RECOMMENDATIONS

It is recommended that Wheelwright:

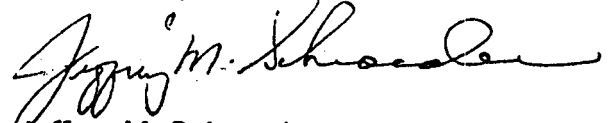
1. Check odorant levels in the system weekly.
2. Patrol the system as required and maintain the records.
3. Install warning signs at regulator stations.
4. Check all key valves on the system every year and maintain the records.

It is also recommended that in order to safely operate a natural gas system, maintenance personnel must have training on the safe and proper ways to respond to leakage calls and also how to handle gas in an emergency. This training is available through the Kentucky Gas Association. Further information on the Kentucky Gas Association training seminars may be obtained by contacting Dr. Paul Lyons, Kentucky Gas Association, 92 Chestnut Street, Murray, Kentucky 42071, (502) 753-2151 or (800) 455-9427, email: itskga@idd.net, web address: <http://www.kygas.org>.

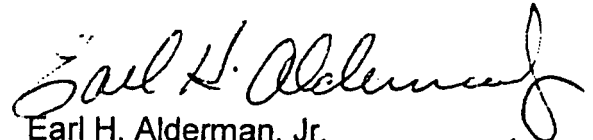
It is also recommended that a copy of this report be sent to Wheelwright directing that it respond by May 30, 1999 with a schedule of compliance to the cited deficiencies for Commission approval.

It is further recommended that the Commission initiate a hearing to allow Wheelwright to show cause why it should not be penalized for failure to comply with Commission regulations.

Respectfully submitted,



Jeffrey M. Schroeder
Gas Utility Investigator



Earl H. Alderman, Jr.
Gas Utility Investigator

LLA
EBS
WHTZ