

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO THE OPERATING)	
STATUS OF RICHARDSVILLE GAS)	CASE NO. 2015-00099
COMPANY, INC.)	

ORDER

On December 1, 2014, the Commission received a letter¹ from Richardsville Gas Company, Inc. ("Richardsville Gas"), a utility engaged in the distribution and sale of natural gas for compensation,² in which Richardsville Gas stated that it could not provide a reliable supply of natural gas to its customers. On December 24, 2014, the Commission sent a response letter to Richardsville Gas requesting clarification as to Richardsville Gas's intent and inquiring whether Richardsville Gas was providing notice of intent to abandon its facilities.³ Richardsville Gas tendered its response on January 30, 2015, wherein it stated that it was not requesting authorization to abandon, but that its letter was to inform the Commission that it was unable to secure additional sources of gas, that during extremely cold weather, the current wells are unable to supply sufficient gas to serve the system, and that a notice dated November 20, 2014, had been sent to customers regarding its inadequate gas supply and inability to secure additional supplies.⁴ Finally, Richardsville Gas stated that if enough customers left the

¹ Attached as Appendix A to this Order.

² KRS 278.010(3)(b).

³ Attached as Appendix B to this Order.

⁴ Attached as Appendix C to this Order.

system for alternative fuel sources, it would be forced to shut down out of economic necessity.⁵

807 KAR 5:022, Section 13(13), provides that:

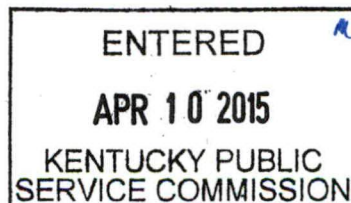
- (b) No person shall operate a low-pressure distribution system at a pressure lower than the minimum pressure at which the safe and continuing operation of any connected and properly adjusted low-pressure gas burning equipment can be assured.

Pursuant to KRS 278.250, the Commission “may investigate and examine the condition of any utility subject to its jurisdiction.” As a regulated gas utility, Richardsville Gas is required to maintain and provide service in a safe and reliable manner. The Commission finds that due to the facts set forth in Richardsville Gas’s December 1, 2014 and January 30, 2015 letters, an investigation into Richardsville Gas’s service is required.

IT IS THEREFORE ORDERED that:

1. This case is established pursuant to KRS 278.250 to investigate the adequacy of Richardsville Gas’s service.
2. The Executive Director shall serve a copy of this Order upon the Attorney General.

By the Commission



ATTEST:



Executive Director

⁵ *Id.*

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00099 DATED **APR 10 2015**

RECEIVED

DEC 01 2014

PUBLIC SERVICE
COMMISSION

RICHARDSVILLE GAS CO. INC.
P.O. Box 9675
Bowling Green, KY 42102

November 20, 2014

Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

Commissioners:

In April 2014 Richardsville Gas Co. Inc. agreed to accept the proposal of a rate increased with the hope of keeping it operating and providing the service for the few families in Richardsville, KY. We agreed to this because we had been assured we had gas well producers in the area that were going to let us purchase additional local natural gas production.

The purchase of additional local natural gas has been pursued during the summer months to no avail. The producer owners, due to liability concerns, have decided to not sell us gas. We have additionally tried to sell the pipeline to a couple of larger producers also to no avail.

When winters really cold weather arrives Richardsville Gas will not be able to supply adequate natural gas to our customers. In past years we have peak shaved the natural gas system with propane. That equipment is no longer operable. It is 40 years old and has been failing for the last two winters. To purchase new equipment is far too expensive to be financially feasible.

The enclosed letter is a copy of the letter that has been mailed to all our customers.

Sincerely

A handwritten signature in cursive script that reads "Joan Miller". The signature is written in dark ink and is positioned below the word "Sincerely".

Joan Miller

RICHARDSVILLE GAS CO. INC.
P.O. Box 9675
Bowling Green, KY 42102

November 20, 2014

Dear Customer:

In April 2014 Richardsville Gas Co., Inc. agreed to accept the proposal of a rate increase with the hope of keeping it operating and providing the service for the few families in Richardsville, KY. We agreed to this because we were under the impression that we had gas well producers in the area that were going to let us purchase additional local natural gas production from them.

The purchase of additional local natural gas has been pursued during the summer months to no avail. The producer owners, due to liability concerns, have decided not to sell us gas. We have additionally tried to sell the pipeline to a couple of larger producers in the area again to no avail.

When winters really cold weather arrives Richardsville Gas will not be able to supply adequate natural gas to our customers. In past years we have peak shaved the plant with a propane system. The equipment to do this is no longer operable. It is 40 years old and has been failing for the last two years. Because of its age there is no longer repair parts available and new equipment is far too expensive to be financially feasible.

We will continue to supply natural gas to you but suggest you have a backup heating supply for those really cold days when the well is not producing enough gas. Your other option of course is to completely change your heating source.

Warren Rural Electric I am sure will work with you to replace your heating source. Your other option is propane. The following companies serve this area with propane: AmeriGas, Ferrellgas, Miller's Bottled Gas, Propane Energy Partners, Southern States Coop, Suburban Propane, and United Propane Gas.

We regret that our efforts to better serve you have failed. If you have any questions please give us a call at 270-842-9429.

Sincerely,

A handwritten signature in cursive script that reads "Joan Miller". The signature is written in black ink and is positioned above the printed name.

Joan Miller

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00099 DATED **APR 10 2015**



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

Linda Breathitt
Commissioner

December 24, 2014

Joan Miller
Richardsville Gas Co. Inc.
110 E. Campbell Lane
P.O. Box 9675
Bowling Green, KY 42102

RE: Richardsville Gas Co. Inc. Adequacy of Natural Gas Service to its Customers

Dear Ms. Miller:

On December 1, 2014 the Commission received your letter on behalf of Richardsville Gas Co. Inc. ("Richardsville Gas") dated November 20, 2014 regarding the inability to provide a reliable supply of natural gas to its customers this winter. The Commission appreciates Richardsville Gas's efforts to obtain another reliable source of gas to continue the safe and adequate operation of its natural gas distribution system.

Commission Staff requests clarification of Richardsville Gas's letters to the Commission and to its customers regarding the continuation of natural gas service to its customers. It is not clear whether Richardsville Gas is, by its letters, providing notice that it is again considering abandonment of the facilities as originally sought in Case No. 2013-00234, or whether it is seeking Commission approval to make a substantial change in the character of the service it furnishes as required in 807 KAR 5:006 Section 5. 807 KAR 5:006 Section 5 states:

Section 5. Service Information. (1)(a) A utility shall, on request, give its customers or prospective customers information that enables the customers to secure safe, efficient, and continuous service. (b) A utility shall inform its customers of a change made or proposed in the character of its service that might affect the efficiency, safety, or continuity of operation. (2) Prior to making a substantial change in the character of the service furnished that would affect the efficiency, adjustment, speed, or operation of the equipment or appliances of a customer, a utility shall apply for the commission's approval. The application shall show the nature of the change to be made, the number of customers affected, and the manner in which they will be affected. (3) The utility shall inform each applicant for service of each type, class, and character of service available at each location.

Please respond to this letter no later than January 5, 2015, clarifying whether Richardsville Gas's intent was to provide notice to the Commission and its customers of

a change in service necessitated by its supply situation, or if it intends to request authorization to abandon the distribution system.

Commission Staff also reminds Richardsville Gas of its responsibility as operator of a natural gas distribution system to continue to provide safe and reliable service to its customers, especially as the peak winter heating season approaches. Please be aware of the following Commission gas safety regulations:

1. **807 KAR 5:022 Section 13(13)(b)** States that no person shall operate at a pressure lower than the minimum pressure at which the safe and continuing operation of any connected and properly adjusted low-pressure gas burning equipment can be assured.
2. **807 KAR 5:022 Section 13(9)(a)(9)** Requires the utility to safely restore any service outage which consist of turning off customers experiencing no pressure and restoring service by re-igniting all gas appliances once a reliable gas pressure is maintained.
3. **807 KAR 5:022 Section 13(16)(a)** Requires the utility to keep a complete record of all interruptions to its system. The record shall show the cause of interruption, date, time, duration, remedy and steps taken to prevent recurrence. The commission shall be notified of major interruptions as soon as they come to the attention of the utility and a complete report made after restoration of service.
4. **807 KAR 5:027 Section 3(1)(e)** Requires the utility to contact the gas pipeline safety branch no later than two hours following discovery of an outage that results in the loss of service to forty or more customers. A written report shall be submitted within 30 days

If you have any questions regarding this matter, please do not hesitate to contact Jonathan Beyer, Commission counsel, at (502) 782-2581 or via email at Jonathan.Beyer@ky.gov. If Richardsville Gas needs to report an outage or interruption, contact Jason Hurt, Manager Pipeline Safety Branch, at (502) 782-2599. If you are unable to reach Mr. Hurt telephonically, please report the outage via email at pipeline.safety@ky.gov.

Again, Richardsville Gas's response to our request for clarification of its intent with regard to the continued operation of its system is required by January 2, 2015.

Sincerely,



Jeff Derouen
Executive Director

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00099 DATED **APR 10 2015**

RICHARDSVILLE GAS CO.INC.

P. O. Box 9675
Bowling Green, KY 42102

RECEIVED

JAN 30 2015

PUBLIC SERVICE
COMMISSION

**Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601**

January 12, 2015

Dear Commissioners:


The letter dated December 24, 2014 from the commission requested further explanation for our letter to customers and commission concerning our ability to properly supply natural gas to our 44 customers at Richardsville Gas. As I explained we have exhausted every effort we can to get additional gas supply to no avail. Our notice to both was not a request to abandon the service but to notify customers that we had been unsuccessful in securing gas and that when it is extremely cold the wells currently attached to the system will not supply enough gas to sustain their equipment.

We have since had 5 customers convert to propane with Southern States Propane, 2 to Millers Bottled Gas, Inc. and 1 to Warren Rural Electrics propane division, Propane Energy Partners.

It is not our intent to abandon the facility at the present however if enough of the customers, and I do not know what that number is at present, totally convert to an alternative source of fuel it will become an economic necessity.

If you have further questions feel free to contact me.

Sincerely,


Joan Miller

*Mr. Glenn Miller
President
Richardsville Gas Company, Inc.
110 E Campbell Lane
P. O. Box 9675
Bowling Green, KY 42102

*Richardsville Gas Company, Inc.
110 E Campbell Lane
P. O. Box 9675
Bowling Green, KY 42102