

Matthew G. Bevin
Governor

Charles G. Snively
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

James W. Gardner
Chairman

Daniel E. Logsdon Jr.
Vice Chairman

J. Roger Thomas.
Commissioner

March 17, 2016

PARTIES OF RECORD

Re: Case No. 2015-00084
Application of Columbia Gas of Kentucky, Inc., For A Limited Deviation From The
Requirements Of 807 KAR 5:022, Section 14(22)(a).

Attached is a copy of a memorandum which is being filed in the record of the
above-referenced case. If you have any comments you would like to make regarding
the contents of the memorandum please do so within five days of receipt of this letter.

If you have any questions, please contact Virginia Gregg, Commission Staff
Attorney, at 502-782-2584.

Sincerely,

A handwritten signature in blue ink, appearing to read "James W. Gardner", followed by a small "for" written in the same ink.

James W. Gardner
Acting Executive Director

VG/ph

Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Virginia W. Gregg, Staff Attorney

DATE: March 17, 2016

RE: Case No. 2015-00084
APPLICATION OF COLUMBIA GAS OF KENTUCKY, INC.
FOR A LIMITED DEVIATION FROM THE REQUIREMENTS OF
807 KAR 5:022, SECTION 14(22)(a)

Pursuant to Commission Staff's ("Staff") Notice of February 16, 2016, an informal conference ("IC") was held on February 18, 2016, at the Commission's offices in Frankfort, Kentucky, for the purpose of discussing the issues in this case. Columbia Gas of Kentucky, Inc. ("Columbia") requested the informal conference. A list of the attendees is attached hereto.

The conference began with a general discussion of Columbia's request for a limited deviation from the requirements of 807 KAR 5:022, Section 14(22)(a), which states that "[e]ach utility shall keep in continual use one (1) or more accurate recording pressure gauges on its distributions systems." Columbia confirmed that its distribution systems supplied by *more than one* district pressure regulating station are all equipped with recording pressure gauges and are therefore in compliance with 807 KAR 5:022, Section 14(22)(a). Columbia also confirmed, however, that all of its distribution systems being supplied by *only one* district pressure regulating station, while in compliance with federal regulation 49 CFR Part 192.741(b), these systems are not in compliance with 807 KAR 5:022, Section 14(22)(a).

Gary Sullivan, an engineer with Columbia, presented drawings illustrating how Columbia designs and constructs its district pressure regulating stations. Mr. Sullivan stated that Columbia's subject matter experts in the early 1990s recommended its design methodology, which through modeling, is able to predict its functional capability. This methodology includes installing redundant relief valves on distribution systems that serve less than 100 customers, which Columbia considers vulnerable to over pressurization, while distribution systems serving more than 100 customers are able to absorb minor over pressurization caused by pressure leak-through at the regulating station. Mr. Sullivan stated that because Columbia's design *actively* protects its vulnerable systems from over pressurization, it is more helpful than the Commission's regulation, which requires the utility to install recording pressure gauges, which *passively* collect data that is only reviewed later.

There was also discussion of how Columbia learns of abnormally low and high-pressure events on its distribution systems for which it is seeking a deviation. Mr. Sullivan stated that Columbia would expect to learn of low-pressure events through its customers reporting a service outage. Columbia also learns of abnormally high-pressure events through its customers in the vicinity of regulator stations, who make odor or noise complaints, due to gas escaping through relief valves, installed on regulator stations designed for fewer than 100 customers.

Mr. Sullivan also stated that Columbia could learn of abnormal pressure events during its annual regulator station inspections, but only if the abnormal pressure event occurs at the time of the inspection. Columbia also conducts inspections during peak operations, as part of its winter operations planning. This planning includes inspections of approximately 90 percent of its regulator stations, conducted on the first day that the temperature drops below 20 degrees, the first day that the temperature drops below 15 degrees, the first day that the temperature drops below 10 degrees and each day that the temperature drops below 5 degrees.

Staff questioned when Columbia first became aware that its distribution systems supplied by *one* district pressure regulating station were not in compliance with 807 KAR 5:022, Section 14(22)(a). Columbia stated that it became aware of its non-compliance as the result of an internal system audit in 2006 and that in response to this audit, its representatives met with Staff at the time to discuss its findings of non-compliance. Columbia stated that its records from that meeting reflect that Staff informed Columbia representatives that a safety inspection conducted by the Commission would not have identified the deficiency, because the form used for inspections was provided by the Pipeline and Hazardous Material Safety Administration ("PHMSA"), and that form only included compliance with the federal regulations.¹ Columbia also stated that its records from that meeting reflect that Staff informed Columbia that it would need to file a deviation request with the Commission in order to clear up its audit findings of non-compliance.

Finally, Columbia agreed to provide, or to further clarify, the following information, as part of its response to this IC memorandum:

- 1) Provide PDF copies of the three types of regulator station drawings presented and discussed.
- 2) Provide an update of the spreadsheet that was attached to Columbia's response to Commission Staff's Initial Request for Information ("Staff's Initial Request"), Item 5. This update should indicate which customers it considers to be high volume customers.

¹ 49 CFR Part 192.741(a).

3) Confirm whether any of Columbia's distribution systems being supplied by one district pressure regulating station, that have recording pressure gauges and are not included in Columbia's deviation request. If so, state the number of these distribution systems and describe how they differ from those in Columbia's deviation request.

4) Confirm the number of customers who have Gas Measurement Billing and whether any of these customers are on distribution systems included in Columbia's deviation request.

5) Refer to Columbia's response to Staff's Initial Request, Item 4.

a) Provide the current number of gauges that Columbia has in use that it describes as one of the following:

- (i) Chart recording gauge (paper).
- (ii) Electronic recording gauge;
- (iii) Chart recording gauge at customer facilities; and,
- (iv) End of line gauge.

b) Describe any overlap among the above gauges. (i.e. are there multiple gauges at the same location)? If so, describe the number and type of gauges that overlap.

c) State Columbia's reason for installing each of the above gauges.

d) State the location of each of the above gauges.

6) Refer to Commission Staff's Second Request for Information (Staff's Second Request"), Item 8, second full sentence, lines 1 through 4. Provide the detailed information requested for the previous five winters.

7) State whether any of Columbia's sister companies have sought similar deviations in other jurisdictions? If so, state the jurisdiction, when the request was made, and the result.

8) Refer to Columbia's response to Staff's Second Request, Item 9.

a) Describe how Columbia defines a large volume customer?

b) Describe the billing charts and electronic measurement of large volume customers.

(i) Do the billing charts and electronic measurement function in the same manner as a recording pressure gauge?

(ii) Does Columbia consider the existence of these billing charts and electronic measurement on the large volume customers as meeting the requirements of 807 KAR 5:022, Section 14(22) when no other recording pressure gauge exists on the distribution system?

(iii) Do any of the distribution systems included in Columbia's request for deviation contain large volume customers having billing charts or electronic measurement? If so, identify each system by station number.

9) Describe how Columbia learns of abnormally high and low pressure events on its single supply distribution systems with regulator stations designed for over 100 customers, which are included in its deviation request.

10) Refer to Columbia's Tariff-General Terms, Conditions, Rules and Regulations, Second Revised Sheet No. 67, Standard Delivery Pressure, which states:

"Company, in accordance with 807 KAR 5:022, Section 13(14): Standard Pressure adopts seven (7) inches water column as its standard pressure as measured at the outlet of Customer's meter."

Does Columbia agree that for its customers on distribution systems included in its deviation request, Columbia cannot determine whether this provision of its tariff is actually being met?

11) Refer to 807 KAR 5:022, Section 13(16)(a) which states:

The utility shall keep a complete record of all interruptions on its entire system or on major divisions of its system. The record shall show the cause of interruption, date, time, duration, remedy and steps taken to prevent recurrence. The [C]ommission 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.

Refer to 807 KAR 5:022, Section 13(16)(10) which states:

Interruptions of service, as used here, shall also mean the interval of time during which pressure drops below fifty (50) percent of such adopted standard pressure....

Describe what methods Columbia uses to comply with 807 KAR 5:022, Section 13 (16)(a) when pressure drops below fifty percent of the adopted standard pressure established in Columbia's Tariff.

There being no further discussions, the informal conference was adjourned.

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF KENTUCKY,)	
INC. FOR A LIMITED DEVIATION FROM THE)	CASE NO.
REQUIREMENTS OF 807 KAR 5:022, SECTION)	2015-00084
14(22)(A))	

Informal Conference – February 18, 2016

Please sign in:

NAME

REPRESENTING

Judy Cooper
phone - Brooke Leslie Wanchuck
phone - Kimia Cole
Dan E. Sullivan
Gary Glover
JAMES RICE
Virginia Greff

Columbia Gas
Columbia Gas - Legal
Columbia Gas
Columbia Gas
ENG - PSC
PSC
Legal - PSC

*Columbia Gas of Kentucky, Inc.
2001 Mercer Road
P. O. Box 14241
Lexington, KY 40512-4241

*Honorable Stephen B Seiple
Attorney at Law
Columbia Gas of Kentucky, Inc.
290 W. Nationwide Blvd.
Columbus, OHIO 43215