

# City of Liberty

P.O. Box 127 • Liberty, KY 42539

RECEIVED

DEC 21 2016

Public Service  
Commission

December 15, 2016

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

Re: Case No. 2016-00391  
Investigation into Compliance of City of Liberty Gas  
Company with KRS 278.495 and 49 CFR Part 192

To Whom It May Concern:

This letter serves as response from the City of Liberty concerning Case No. 2016-00391 regarding the investigation into compliance of City of Liberty Gas Company. Based on Appendix A of the Order the City of Liberty received, below will state each number represented in Appendix A and the response from the City of Liberty Gas Company:

1. Refer to the Leakage Survey Recaps, which are attached to this Order as Appendix 1. Provide copies of each gas leak detection survey report represented by the Leakage Survey Recaps.

*\*Explanation – The information provided on the Leakage Survey Recaps were not proper Leakage Surveys, therefore there are no leak detection survey reports to provide. One of our employees incorrectly filled the leakage survey recaps out based on patrolling that the city employees had completed thinking that was the correct form to fill out.*

2. Explain why the Leakage Survey Recaps were not provided to Commission Staff during the periodic regulatory compliance inspection of Liberty Gas conducted between July 6 and July 10, 2015.

*\*Explanation – During the inspection conducted between July 6 and July 10, 2015, Liberty Gas employees learned that the patrolling we were doing was not actually a proper Leakage Survey. The Recaps were not provided to Commission Staff because we didn't think that's what he was asking for. Once we learned what a leakage survey actually entails, we realized that we were not in compliance with those guidelines so we didn't have the correct paperwork to provide to the Inspector. The last Leakage Survey Report performed for the City of Liberty Gas Company was in 2009 by Heath Consultants.*

3. Explain why the Leakage Survey Recaps were not provided to Commission Staff during the follow-up regulatory compliance inspection of Liberty Gas conducted June 23, 2016.

*\*Explanation – As stated above, the Leakage Survey Recaps were filled out based on patrolling done by city employees, and were not actual Leakage Surveys that had been performed correctly. Liberty Gas employees learned of their errors during the inspection conducted July 6 through July 10, 2015 and because they had not been done correctly, we did not turn in the Recaps to Commission Staff. The last Leakage Survey Report performed for the City of Liberty Gas Company was in 2009 by Heath Consultants.*



City Hall  
(606) 787-9973

Utilities  
(606) 787-6691

Fax (606) 787-7992

TDD # 1-800-247-2510



4. Refer to Liberty Gas's response to the 2015 Inspection Report, Finding 4 and 5 attached as Appendix C. Explain why the Leakage Survey Recaps were not referenced or provided in Liberty Gas's response.

\*Explanation - As stated above, the Leakage Survey Recaps were filled out based on patrolling done by city employees, and were not actual Leakage Surveys that had been performed correctly. Liberty Gas employees learned of their errors during the inspection conducted July 6 through July 10, 2015 and because they had not been done correctly, we did not provide the Leakage Survey Recaps in our response to the 2015 Inspection Report. The last Leakage Survey Report performed for the City of Liberty Gas Company was in 2009 by Heath Consultants.

5. Explain why leakage surveys were not conducted before the end of 2015, as Liberty Gas stated would occur in its response to the 2015 Inspection Report, Finding 4 and 5.

\*Explanation - This was a miscommunication among employees regarding who was contacting Heath Consultants to schedule the leakage survey. Since then, we are working on making sure everyone knows and understands their job duties.

6. Refer to Liberty Gas's response to the 2016 Inspection Report, attached as Appendix E, in which Liberty Gas states that "[t]he failure to complete the above mentioned leakage surveys were an oversight...."

- a. Explain why Liberty Gas confirmed that leakage surveys had not been performed either inside or outside Liberty's business districts since 2009.
- b. Explain why the Leakage Survey Recaps were not referenced or provided in Liberty Gas's response.

\*Explanation - As stated above, the Leakage Survey Recaps were filled out based on patrolling done by city employees, and were not actual Leakage Surveys that had been performed correctly. Liberty Gas employees learned of their errors during the inspection conducted July 6 through July 10, 2015 and because they had not been done correctly, we did not provide the Leakage Survey Recaps in our response to the 2016 Inspection Report. The last Leakage Survey Report performed for the City of Liberty Gas Company was in 2009 by Heath Consultants.

7. Refer to the Leakage Survey Recap dated June 6, 2011, which indicates a Grade 2 leak was detected. Provide documentation of the repair of the Grade 2 leak noted on the June 6, 2011 Leakage Survey Recap.

\*Explanation - We are unable to find any documentation regarding the repair of the Grade 2 leak noted on the June 6, 2011 Leakage Survey Recap.

8. For each gas leak detection survey conducted in 2011, 2012, 2013, and 2014, identify which gas leak detection survey was conducted by Liberty Gas employees and which gas leak survey was conducted by a third-party leak detection company.

\*Explanation - As stated above, the Leakage Survey Recaps were filled out based on patrolling done by city employees, and were not actual Leakage Surveys that had been performed correctly. Liberty Gas employees learned of their errors during the inspection conducted July 6 through July 10, 2015. None of those were performed by a third-party leak detection company. The last Leakage Survey Report performed for the City of Liberty Gas Company was in 2009 by Heath Consultants.

9. For each gas leak detection survey conducted in 2011, 2012, 2013, and 2014 by Liberty Gas employees:
  - a. Identify the employee who conducted the gas leak detection survey;
  - b. Identify the covered tasks the employee is qualified and retraining;
  - c. State the dates of initial qualification and retraining;
  - d. Identify the qualification method(s); and
  - e. Provide records supporting the qualification of the employee to conduct a gas leak detection survey.

\*Explanation - As stated above, the Leakage Survey Recaps were incorrectly filled out based on patrolling done by city employees, and were not actual Leakage Surveys that had been performed correctly. Liberty Gas employees learned of their errors during the inspection conducted July 6 through July 10, 2015. Therefore, none of the city employees conducted a gas leak detection survey.

10. For each gas leak detection survey conducted in 2011, 2012, 2013, and 2014 by a third-party leak detection company:
  - a. Identify the third-party company who performed the gas leak detection survey;
  - b. Provide evidence of payment to the third-party leak detection company; and
  - c. Provide records supporting the qualification of the personnel who conducted the gas leak detection survey.

\*Explanation – Liberty Gas Company did not have any third-party companies perform a gas leak detection survey since 2009.

11. For each gas leak detection survey conducted in 2011, 2012, 2013, and 2014 by Liberty Gas employees, identify the survey method.

\*Explanation - As stated above, the Leakage Survey Recaps were incorrectly filled out based on patrolling done by city employees, and were not actual Leakage Surveys that had been performed correctly. Therefore, none of the city employees conducted a gas leak detection survey.

12. For each gas leak detection instrument utilized by Liberty Gas employees in conducting gas leak detection surveys, provide records for the past five years that document:
  - a. The frequency of gas leak detection instrument testing for accuracy;
  - b. The results of gas leak detection instrument testing for accuracy; and
  - c. The frequency of gas leak detection instrument calibration.

\*Explanation - As stated above, the Leakage Survey Recaps were incorrectly filled out based on patrolling done by city employees, and were not actual Leakage Surveys that had been performed correctly. Therefore, none of the city employees conducted a gas leak detection survey. No instruments were used during their patrolling.

13. For each Liberty Gas employee who has conducted a gas leak detection survey since 2011, provide documentation of the employee's training on:
  - a. Gas leak detection instruments;
  - b. Gas leak detection procedures; and
  - c. Gas leak classification and action criteria.

\*Explanation - As stated above, the Leakage Survey Recaps were incorrectly filled out based on patrolling done by city employees, and were not actual Leakage Surveys that had been performed correctly with instruments. Therefore, none of the city employees conducted a gas leak detection survey.

14. Refer to the 2016 Leakage Control Survey performed by Heath between July 19 and July 21, 2016, contained in Appendix E.
  - a. Refer to unnumbered page 2, which notes that two Grade 2 leaks were detected during the leak survey. Provide documentation of the repairs of the two Grade 2 leaks.
  - b. State what percentage of the business district is included in the July 19-21, 2016 leak survey.
  - c. State what percentage of the area outside the business district is included in the July 19-21, 2016 leak survey.

\*Explanation –

- a. The two Grade 2 leaks are scheduled to be repaired on the next weather permitting day. The 6 month deadline for those repairs will be January 21, 2017. We will provide documentation to the Public Service Commission as soon as those repairs are completed.
- b. During the leak survey conducted on July 19-21, 100% of the business district area was completed.
- c. During the leak survey conducted on July 19-21, 100% of the area outside the business district was completed.

15. Provide copies of each Operating and Maintenance Manual procedure pertaining to gas leak detection surveys in effect since 2011, including but not limited to survey schedule and survey processes.


\*Explanation – Copies of the O&M Manual procedures regarding leak detection surveys are enclosed.

16. Provide documentation that Liberty Gas has contracted with a qualified firm to provide future leakage surveys in Liberty's business district and in areas outside the business district.

\*Explanation – Enclosed is a copy of the contract with Heath Consultants which expires at the end of 2016. The City of Liberty has been in contact with Heath regarding a contract for future leakage surveys. We are waiting on their contract department to send us a renewed contract for the next year.

In conclusion, the leakage survey recaps should never have been filled out or sent in as a leakage survey. This was an error on our employee's part. We are continuing to put forth effort to ensure we are completing the proper work, as well as the correct paperwork. The City of Liberty apologizes for the confusion we have caused, and will strive to follow all guidelines set in our O&M Manual in the future. For any questions or concerns, please call me or Mayor Brown at (606)787-9973 or email me at [libertybb@windstream.net](mailto:libertybb@windstream.net).

Sincerely,



Bridgett Blake  
City of Liberty

## **SERVICES AGREEMENT (INDEPENDENT CONTRACTOR)**

This Services Agreement ("Agreement"), effective June 3, 2016, is between Liberty Gas Company, ("Client") and Heath Consultants Incorporated ("Contractor").

### **SECTION ONE-SCOPE OF WORK:**

The work to be performed by Contractor will be set forth in Exhibit A, Scope of Work.

### **SECTION TWO-PRICE/PAYMENT:**

Client will pay Contractor for work performed as set forth in Exhibit B, Price Schedule. Heath Consultants Incorporated reserves the right to invoice the client for additional items required, but not disclosed in the RFP/Quote process as an additional pass through cost to the client as agreed to by both parties. Terms are Net 30 days.

### **SECTION THREE-RELATIONSHIP OF PARTIES:**

The parties intend that an independent contractor relationship will be created by this Agreement. Performance and control of the work will lie solely with Contractor. The Contractor is not to be considered an agent or employee of Client for any purpose.

### **SECTION FOUR-CONTRACTOR'S EMPLOYEES QUALIFIED TO PERFORM THE WORK REQUIRED UNDER THIS AGREEMENT UNDER SUBPART N OF SECTION 192 OF THE FEDERAL PIPELINE SAFETY REGULATIONS/WARRANTIES**

Contractor warrants and represents that it has an Operator Qualification Program as required by Subpart N of Section 192 of the Federal Pipeline Safety Regulations and that the employees who will perform the Work required under this Agreement have been evaluated and are qualified to perform the tasks required under this Agreement.

### **SECTION FIVE-INSURANCE TO BE SECURED:**

Contractor agrees to maintain such insurance acceptable to Client as set forth on Exhibit C, Insurance Requirements.

### **SECTION SIX-INDEMNIFICATION**

Contractor shall indemnify and hold Client and its agents, employees, partners, parents, subsidiaries, insurers and affiliates harmless from any losses, costs, claims (including claims of Contractor's employees), expenses (including attorneys' fees and court costs), suits, actions, judgments, fines, penalties or damages of every nature and description (collectively "losses") arising out of or resulting from the Contractor's Work under this Agreement, except that Contractor's obligation to indemnify Client shall not apply to any losses or liabilities arising from Client's sole negligence, or that portion of any liabilities that arise out of Client's contributing negligent acts or negligent omissions.

Client shall indemnify and hold Contractor and its agents, employees, partners, parents, subsidiaries, insurers and affiliates harmless from any losses, costs, claims (including claims of

Client's employees), expenses (including attorneys' fees and court costs), suits, actions, judgments, fines, penalties or damages of every nature and description (collectively "losses") arising out of or alleged to arise out of the action or inaction of Client in connection with the Work under this Agreement except that Client's obligation to indemnify Contractor shall not apply to any losses or liabilities arising from Contractor's sole negligence, or that portion of any liabilities that arise out of Contractor's contributing negligent acts or negligent omissions.

This indemnification obligation shall survive the expiration or termination of the Agreement.

This indemnification obligation shall extend to all costs, expenses and damages arising from any infringement, misappropriation or claim of infringement or misappropriation of any process, product, apparatus or combination patent resulting from the use of any designs or other information furnished by the other party and incorporated in the Work or Ancillary Work.

#### SECTION SEVEN-COMPLIANCE WITH LAW AND SAFETY REQUIREMENTS:

All Work will be performed in accordance with the Federal Pipeline Safety Regulations, NFPA 58 and all applicable propane and pipeline industry safety practices and standards, and in accordance with federal, state and local statutes, rules regulations and ordinances.

#### SECTION EIGHT-DURATION/RENEWAL/CANCELLATION:

This Agreement expires December 31, 2016. Under this agreement, Client will have the option to renew the Agreement on a year-to-year basis by completing and returning the Option to Renew attached hereto. Client or Contractor may cancel the Agreement upon one (1) week's advance notice. In the event this Agreement is terminated under the foregoing provision, Client shall pay Contractor any amounts due for Work performed by Contractor and/or materials or supplies ordered prior to the date that the termination notice is provided to the non-terminating party.

#### SECTION NINE-CONFIDENTIALITY:

Contractor will not disclose to third parties any information concerning its work for Client, including, but not limited to, confidential or trade secret information or information regarding Client's customers or potential customers, business and marketing plans, customer lists, credit information, gas usage patterns, pricing and marketing policies and practices, financial information and other operating policies and procedures. Contractor understands that if it violates this Agreement, Client will suffer irreparable harm. Therefore, in addition to any other remedies available to it, Client will be entitled to seek and obtain injunctive or equitable relief, including orders prohibiting violations of this Agreement.

Client will not disclose to third parties any information concerning its work with Contractor, including, but not limited to, confidential or trade secret information or information, business and marketing plans, customer lists, credit information, pricing and marketing policies and practices, financial information and other operating policies and procedures. Client understands that if it violates this Agreement, Contractor will suffer irreparable harm. Therefore, in addition to any other remedies available to it, Contractor will be entitled to seek and obtain injunctive or equitable relief, including orders prohibiting violations of this agreement.

SECTION TEN-MISCELLANEOUS:

- (a) Waiver. Neither the failure nor any delay on the part of either party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.
- (b) Binding Nature of Agreement. This Agreement shall be binding upon and inure to the benefit of Client and its successors and assigns and shall be binding upon and inure to the benefit of Contractor, its successors and assigns.
- (c) Provisions Separable. The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.
- (d) Entire Agreement. This Agreement contains the entire understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, except as herein contained. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing.
- (e) Paragraph Headings. The paragraph headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation.
- (f) Gender, Etc. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context indicates is appropriate.
- (g) Number of Days. In computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays and holidays; provided, however, that if the final day of any time period falls on a Saturday, Sunday or holiday on which federal banks are or may elect to be closed, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or holiday.
- (h) This Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes and all of which shall be deemed collectively to be one agreement. The parties agree that execution of this Agreement by a

party and the delivery of such party's signature by mail, facsimile transmission, or electronic (e-mail) transmission shall be fully effective as the original signature of such party to the fullest extent as if it were the original copy thereof.

- (i) This Agreement shall be governed and interpreted in accordance with the laws of the State of Texas. Venue of any dispute shall lie in Harris County, Texas.

#### SECTION ELEVEN-FORCE MAJEURE

Neither party hereto shall be liable for any failure to perform the terms of this Agreement when such a failure is due to "force majeure" as hereinafter defined. The term "force majeure" as used in this Agreement shall mean any delay or default in performance due to any cause beyond the control of the party claiming force majeure and without such party's fault or negligence, including but not restricted to acts of God or the public, civil disturbances, arrests and restraints by rulers and people; acts of the public enemy, wars, riots, insurrections, sabotage; acts, requests or interruptions of the federal, state or local government or any agency thereof; court orders, present and future valid orders of any governmental authority, or nay officer, agency or any instrumentality thereof; floods, fires, storms, epidemics, landslides, lightning, earthquakes, washouts, explosions, quarantine, strikes, lockouts, or industrial disturbances; interruption of transportation, freight embargos or delays in delivery of equipment or service necessary to the performance of any provision of this Agreement; inability to secure right of way, labor shortages, breakage or accident to machinery or lines of pipe, or any other cause, whether of the kind herein enumerated or otherwise, not reasonable within the control of the party claiming force majeure. Nothing contained in this section, however, shall be construed to require either party to settle a labor dispute against its will.

If as a result of force majeure wither party is unable, wholly or in part, to carryout its obligation under this Agreement, other than the obligation to make payment of money due, then, upon such party's giving notice and a description of such cause in writing to the other party as soon as possible after the occurrence of the cause, the obligation of the party giving such notice, so far as it is affected by the cause specified in such notice, shall be suspended for the duration of the cause. Such cause shall, as far as possible, be remedied with all reasonable dispatch.

#### SECTION TWELVE--NOTICES

All notices, except verbal or email notices with respect to minor questions, shall be in writing and shall be delivered by United States first class mail, postage prepaid, personal delivery, facsimile (with printed confirmation), electronic transmission (e-mail) or nationally recognized overnight carrier to the appropriate party using the following respective addresses:

For Client: Liberty Gas Company  
Bridgett Blake  
P.O. Box 127  
Liberty, KY 42539  
Phone: 606-787-9973  
Email: [LIBERTYBB@WINDSTREAM.NET](mailto:LIBERTYBB@WINDSTREAM.NET)




For Contractor: Heath Consultants Incorporated  
9030 Monroe Road  
Houston, Texas 77061  
Attention: Gary Lape, Vice President-Operations  
Phone: 713-844-1303  
Email: [contractsadmin@heathus.com](mailto:contractsadmin@heathus.com)

All notices shall be effective on the party addressee from the time received by such party.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year shown beneath their signatures.

WITNESS: 

HEATH CONSULTANTS INCORPORATED

By: 

Name: Gary Lape (Print)


Title: VP Operations (Print)

Thereunto duly authorized

Date: 6-22-16

LIBERTY GAS COMPANY

WITNESS: 

By: 

Name: Steven Brown (Print)

Title: Mayor (Print)

Thereunto duly authorized

Date: 06/13/16

PLEASE RETURN EXECUTED CONTRACT TO: [contractsadmin@heathus.com](mailto:contractsadmin@heathus.com)

-OR-

by mail to Contracts Administrator, Heath Consultants Incorporated, 9030 Monroe Rd., Houston, TX 77061

Option to Renew

Client hereby exercises its option to renew its Independent Contractor Agreement between itself and \_\_\_\_\_ Dated \_\_\_\_\_ for one (1) year ending on \_\_\_\_\_.

HEATH CONSULTANTS INCORPORATED

BY:

WITNESS: \_\_\_\_\_

\_\_\_\_\_  
Signature

Name: \_\_\_\_\_ (Print)

Title: \_\_\_\_\_ (Print)  
Thereunto duly authorized

Date: \_\_\_\_\_

LIBERTY GAS COMPANY

BY:

WITNESS: Budger Blake

Steven Brown

\_\_\_\_\_  
Signature

Name: Steven Brown (Print)

Title: Mayor (Print)  
Thereunto duly authorized

Date: 06/13/16

PLEASE RETURN EXECUTED CONTRACT TO: [contracts@hcahcas.com](mailto:contracts@hcahcas.com)

-OR-

by mail to Contracts Administrator, Heath Consultants Incorporated, 9030 Monroe Rd., Houston, TX 77061

**EXHIBIT A**

**SCOPE OF WORK**

**Leak Survey of Facilities, to include leakage inspection and leakage classification. The inspection will be performed with the use of a DP-IR™, or an RMLD-IS®. All leaks are classified with the use of a Combustible Gas Indicator to GPTC Standards. All leakage and Abnormal Operating Conditions will be documented and reported to the client on Heath forms.**

**Heath Consultants Incorporated will provide one fully trained and Operator Qualified Technician, along with transportation and all equipment required to perform the Leak Survey, including but not limited to, Heath Consultants Incorporated DP-IR™, RMLD-IS®, Combustible Gas Indicator, and Plunger Bar.**

**EXHIBIT B**

**PRICE SCHEDULE**

The price for this service will be **\$75 per hour per Technician** and **\$75 per hour** for drive time to and from the project (portal to portal). This price is inclusive of all technician, equipment, vehicle and administrative costs.

**See attached Proposal Letter**

**EXHIBIT C**  
**INSURANCE REQUIREMENTS**

PLEASE SEE ATTACHED HEATH STANDARD CERTIFICATES.



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**Heath Consultants Incorporated**

June 3, 2016

Bridgett Blake  
Liberty Gas Company  
P.O. Box 127  
Liberty, KY 42539

Ms. Blake,

Heath Consultants Incorporated is pleased to submit the following proposal to perform a Natural Gas Leakage Detection Survey for Liberty Gas Company in Liberty, Kentucky.

The survey will be conducted utilizing the latest leak survey equipment. All leakage detected will be classified according to hazard, and documented on a diagrammatic report.

The price for this service will be **\$75 per hour per Technician** and **\$75 per hour** for drive time to and from the project (portal to portal). This price is inclusive of all technician, equipment, vehicle and administrative costs.

Ms. Blake, if you have any questions regarding this proposal, please feel free to contact me at 615-361-8306, or by email at [t.kelley@heathus.com](mailto:t.kelley@heathus.com). We at Heath Consultants Incorporated thank you for the opportunity to submit this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Kelley".

Todd Kelley  
Field Services Manager

Cc: Jessie Spires  
William Luttrell  
Nashville Office File



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
6/16/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Insgroup, Inc. 1455 W. Loop South, 9th Floor Houston TX 77027		<b>CONTACT NAME:</b> Linda Fontenot <b>PHONE (A/C, No, Ext):</b> (713) 541-7272 <b>FAX (A/C, No):</b> (713) 772-5224 <b>E-MAIL ADDRESS:</b> lfontenot@insgroup.net	
<b>INSURED</b> Heath Consultants Inc. 9030 Monroe Rd. Houston TX 77061		<b>INSURER(S) AFFORDING COVERAGE</b> <b>INSURER A:</b> Liberty Mutual Fire Ins. Co. NAIC # 23035 <b>INSURER B:</b> Steadfast Insurance Company 26387 <b>INSURER C:</b> <b>INSURER D:</b> <b>INSURER E:</b> <b>INSURER F:</b>	

COVERAGES      CERTIFICATE NUMBER: CL1572271989      REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR/INSR: WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:		TB2291452436035	7/30/2015	7/30/2016	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Employee Benefits \$
A	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		AS2291452436025	7/30/2015	7/30/2016	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION'S 10,000		TH7291452436065	7/30/2015	7/30/2016	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	Professional Liability		E0C5932316	7/30/2015	7/30/2016	Aggregate \$10,000,000 Each Limit \$10,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

<b>CERTIFICATE HOLDER</b>  Liberty Gas Company ATTN: Bridgett Blake P.O. Box 127 Liberty, KS 42539	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE  Henry Hochman/JR02



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
6/16/2016

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**IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).**

<b>PRODUCER</b> Commercial Lines Wells Fargo Insurance Services USA, Inc. 6100 Fairview Road Charlotte, NC 28210	<b>CONTACT NAME:</b> PHONE (A/C, No, Ext): 888-572-2412      FAX (A/C, No): E-MAIL ADDRESS: certs@trinet.com																					
<b>INSURED</b> Strategic Outsourcing, Inc PO Box 241448 Charlotte, NC 28224 RE: Heath Consultants Incorporated	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> <tr> <td style="width: 80%;">INSURER A: Indemnity Insurance Company of North America</td> <td></td> <td style="text-align: center;">43575</td> </tr> <tr> <td>INSURER B:</td> <td></td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A: Indemnity Insurance Company of North America		43575	INSURER B:			INSURER C:			INSURER D:			INSURER E:			INSURER F:		
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**COVERAGES**      **CERTIFICATE NUMBER: 10583975**      **REVISION NUMBER: See below**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMPIOP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED    RETENTION S					EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N    N/A	WLRC48767448	03/01/2016	03/01/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$    1,000,000 E.L. DISEASE - EA EMPLOYEE \$    1,000,000 E.L. DISEASE - POLICY LIMIT \$    1,000,000

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)**  
 Workers' Compensation Insurance is limited to employees of Heath Consultants Incorporated through a co-employment contract with Strategic Outsourcing, Inc.

<b>CERTIFICATE HOLDER</b> Liberty Gas Company P.O. Box 127 Liberty, KY 42539 ATTN: Bridgett Blake	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
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## Purging

- (1) **Required Purging.** Whenever a main or service line is being put into service, it is necessary for all air or other non-combustible gas to be purged from the line.
- (2) **Safety Precautions.** If a polyethylene main is being purged, special precautions must be followed to prevent static electricity from discharging and igniting the escaping gas. Such precautions are described in "Prevention of Accidental Ignition Operator Qualification Task M-7."

Anytime air is being purged with gas, or gas is being purged with air, it is necessary to maintain a rapid flow rate. This will ensure turbulence at the gas/air interface, minimizing the size of the combustible mixture zone.

Care must be taken to ensure that gas is not discharged in an area in which it will accumulate and create a hazard. Potential ignition sources must be kept away.

## Leakage Survey

- (1) **Frequency of Surveys.** On distribution lines leakage surveys must be conducted as often as needed to discover leaks, which could result in a hazard. Leakage survey with leak detector equipment must be conducted in business districts at intervals not exceeding 15 months, but at least once each calendar year. Outside business districts intervals must have a leakage survey as frequently as necessary but at intervals not exceed 3 years.

Additional surveys are necessary to assure that leaks have not developed following earthquake, major excavation activities, blasting, washout, landslide, or ground settlement near gas pipeline facilities.

Additional survey may be required as a result of investigation of a failure as covered in "Investigation of Failures."

## **(2) Method of Performance of Leakage Survey.**

Leakage survey may be conducted using either the surface or subsurface method.

A surface gas detection survey is a continuous sampling of the atmosphere performed using either portable or mobile equipment. Sampling is conducted at ground level for buried gas facilities and adjacent to above-ground facilities with a gas detector system capable of detecting a concentration of 50 ppm or gas in air at any sampling point.

Subsurface gas detection survey shall consist of testing bar holes with a combustible gas indicator or other instrument capable of detecting 10% or less of the lower explosive limit. The bar holes should penetrate to the depth of the main as close as practical to the main, taking care to avoid damaging the main. The sample should be drawn from near the bottom of each hole, taking care to avoid drawing water into the instrument. The instrument used should be equipped with a device to prevent liquid from being drawn.

Spacing of bar holes may be determined in accordance with the proximity to buildings and underground structures, such as sewers and manholes. In those areas where leaking gas would present the greatest hazard spacing should be closest. In all cases bar hole samples shall be taken near the service riser at the customer's meter. Areas in which service lines are near sewer lines or building foundations shall be sampled at intervals as close as necessary, but not to exceed 20 feet. Catch basins, manholes, and other underground structures near mains and service lines should be tested near the bottom.

Spacing of bar holes for surveying mains in close proximity to buildings or underground structures should be at intervals of twenty feet or less.

Sewers, catch basins, ditch lines and other low areas in the proximity of mains and services shall be tested for gas as part of any leakage

- (3) Grading Leaks.** Each leak discovered must be graded according to the following:
- (a) Grade 1 - Hazardous Leak.** Any leak that represents an existing or probable hazard to persons or property and requires immediate repair or continuous action until conditions are no longer hazardous. A leak which results in a measurable quantity of gas migrating into any buildings used for human occupancy, or concentration of 50% or more of the lower explosive limit in a sewer, manhole, or other underground structure is Grade 1.

- (b) **Grade 2 – Non-hazardous Leak.** Any leak that is recognized as being non-hazardous at the time of detection but justifies scheduled repair based on probable future hazard.

Generally an outdoor leak in a main or service line and in which gas is not migrating into or near a building or underground structure is Grade 2. A leak that results in a slight concentration of gas migrating into a sewer, manhole or other underground structure away from any building used for human occupancy may be a Grade 2.

- (c) **Grade 3 - Nuisance Leak.** Any leak that is non-hazardous at the time of detection and can be reasonably expected to remain non-hazardous (less severe than a Grade 2.) may be considered to be a Grade 3 leak.

A very small leak, such as a fitting or valve on a meter loop, where the source of the leak is apparent and predictable may be Grade 3.

- (4) **Disposition of Leaks.** Any Grade 1 leak must receive immediate action to control the escape of gas or otherwise eliminate likely hazards. Normally the source of gas to the leak will have to be shut off using valves.

A Grade 2 leak may be scheduled for repair in a timely manner. Anticipated cold weather should be considered when scheduling repairs. Freezing ground surface may stop the ventilation of gas and force migration below ground. Also, interruption of service to customers presents greater hardship in cold weather.

Any Grade 2 leak not repaired within 6 months should be rechecked to assure that it has not become more hazardous.

A Grade 3 leak is not required to be repaired, but must be monitored annually to verify its classification. If the leak becomes severe enough to be classified as Grade 2, it must be scheduled for repair accordingly.

Records must be maintained of each leakage survey to document the areas surveyed and results. Survey dates, description of survey area, addresses of locations of leaks and their grades, type of instruments used, survey method, and names of survey technicians should be included.

- (5) **Leak Records.** Records must be kept for all leaks reported to the company or discovered by the company or its employees. Records must be retained for at least 5 years and must contain address or location, method of detection or receipt of notice, date of detection, date of repair, follow-up surveillance dates, grade, and description of cause and method of repair for each leak.

The leak records kept should contain information consistent with the annual reporting requirement of 49 CFR 191.11.

### **Abandonment or Inactivation of Facilities**

Each pipeline abandoned in place must be disconnected from all sources of gas and purged if the volume of gas contained is sufficient to present a hazard. The open pipe ends are to be sealed in a gas tight and water tight manner using an appropriate mechanical fitting, heat fusion, expanded foam or other effective method.

Whenever service to a customer is discontinued one or more of the following actions must be taken:

- a. The valve that is closed to prevent the flow of gas to the customer must be locked or otherwise prevented from operation by unauthorized persons.
- b. A mechanical device or fitting must be installed in the service line or meter assembly to prevent the flow of gas. A disc installed between the meter inlet and swivel is sufficient for this purpose.
- c. The customers piping must be disconnected from the supply of gas and the open pipe ends sealed.

If a customer is permanently disconnected or is expected to be discontinued for an extended time period, the service line should be disconnected either at the main or at the entrance to the customer's property.

Records should be maintained of inactive facilities to show the locations, dates, methods of isolation from gas, and other information, which will be needed later to properly return to service.