

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CITY OF OLIVE HILL AND	)	
CITY OF OLIVE HILL UTILITY DEPARTMENT	)	
_____	)	CASE NO.
	)	2017-00167
ALLEGED FAILURE TO COMPLY	)	
WITH KRS 278.495 AND 49 C.F.R. § 192	)	

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on June 7, 2017 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on June 7, 2017 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on June 7, 2017.

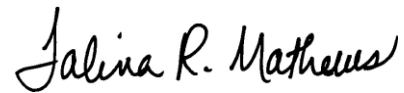
A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been electronically served upon all persons listed at the end of this Notice.

Parties desiring to view the digital video recording of the hearing may do so at

[http://www.psc.ky.gov/av\\_broadcast/2017-00167/2017-00167\\_07Jun17\\_Inter.aspx](http://www.psc.ky.gov/av_broadcast/2017-00167/2017-00167_07Jun17_Inter.aspx).

Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 9<sup>th</sup> day of June 2017.



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Talina R. Mathews  
Executive Director  
Public Service Commission of Kentucky

Angela Owens  
City Clerk  
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225 Roger Patton Drive  
Olive Hill, KENTUCKY 41164

Derrick Willis  
City Attorney  
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Jerry Callihan  
Mayor  
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Olive Hill Natural Gas System  
City of Olive Hill Utility Dept  
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COMMONWEALTH OF KENTUCKY  
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CITY OF OLIVE HILL UTILITY DEPARTMENT )  
\_\_\_\_\_) ) CASE NO.  
ALLEGED FAILURE TO COMPLY ) 2017-00167  
WITH KRS 278.495 AND CFR § 192 )

CERTIFICATE

I, Pamela Hughes, hereby certify that:


1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on June 7, 2017. Hearing Log, Exhibit List, and Witness List are included with the recording on June 7, 2017.

2. I am responsible for the preparation of the digital recording.

3. The digital recording accurately and correctly depicts the Hearing of June 7, 2017.

5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of June 7, 2017, and the time at which each occurred.

Signed this 8<sup>th</sup> day of June, 2017.

  
\_\_\_\_\_  
Pamela Hughes, Notary Public  
State at Large  
My Commission Expires: April 22, 2019



Judge: Bob Cicero; Michael Schmitt

Witness: Joel Grogin; Mayor Jerry Callihan; Christine Smith

Clerk: Pam Hughes

Date:	Type:	Location:	Department:
6/7/2017	Show Cause Hearing	Hearing Room 1	Hearing Room 1 (HR 1)

Event Time	Log Event
10:50:57 AM	Session Started
10:50:59 AM	Session Paused
12:59:44 PM	Session Resumed
12:59:46 PM	Chairman Schmitt preliminary remarks Note: Hughes, Pam                      Calls Case No. 2017-00167 City of Olive Hill and City of Olive Hill Utility Dept. Note: Hughes, Pam                      Introduces Vice Chairman Cicero
1:01:51 PM	Introductions of Attorneys and parties Note: Hughes, Pam                      Derrick Willis -Atty for Olive Hill with Newly appointed Mayor Jerry Callihan, Foreman, Bill Stevens and Code enforcement officer,Taylor Duncan. Note: Hughes, Pam                      Jennifer Fell and John Park PSC staff attys.
1:02:55 PM	Chairman Schmitt asks for any outstanding motions Note: Hughes, Pam                      No motions.
1:03:11 PM	Atty Fell - PSC - calls Christine Smith to the stand. Note: Hughes, Pam                      Is sworn in by Chairman Schmitt Note: Hughes, Pam                      Admin specialist in the Filings division of the PSC.
1:03:59 PM	Atty Fell - PSC- hands out PSC exhibit 1 Note: Hughes, Pam                      Electronic mail from Missy Carroll, head utility clerk from Olive Hill requesting that a copy of the Order be sent to Angela Owens.
1:05:46 PM	Atty Fell - PSC- direct exam of Witness Smith Note: Hughes, Pam                      Regarding responses filed by Olive Hill in this case.
1:06:18 PM	Atty Willis cross exam of Witness Smith Note: Hughes, Pam                      Questions any correspondence she has had with anyone from the City of Olive Hill.
1:06:42 PM	Witness Smith dismissed
1:06:49 PM	Joel Grugin PSC staff Inspector called to the stand Note: Hughes, Pam                      Sworn in by Chairman
1:07:11 PM	Atty Fell -PSC - direct exam of Witness Grugin Note: Hughes, Pam                      Mr. Grugin is a Gas inspection specialist with the Division of inspections with the PSC
1:07:41 PM	Atty Fell -PSC - direct exam of Witness Grugin Note: Hughes, Pam                      Order dated May 11, 2017 in this case with inspection report attached as Appendix A, from June 2015 inspection. Note: Hughes, Pam                      Regarding inspections of Olive Hill in 2015 and 2016
1:09:23 PM	Atty Fell -PSC - direct exam of Witness Grugin Note: Hughes, Pam                      Finding 8 part of Federal pipeline safety code. Explains what this is and that Olive Hill is in violation. Note: Hughes, Pam                      Page 5 of Inspection report. Finding #8
1:10:59 PM	Atty Fell -PSC - direct exam of Witness Grugin Note: Hughes, Pam                      Regarding 8 photos taken at site of exposed pipeline on Tygarts Creek.

1:11:14 PM PSC exhibit 2 is entered into the record  
Note: Hughes, Pam 8 photos that Inspector Grugin took at the 2015 inspection of Olive Hill.

1:12:36 PM Atty Fell -PSC - direct exam of Witness Grugin  
Note: Hughes, Pam Verifies that photos were taken by Witness Grugin during the week of 6-9 or 6-10, 2015 as part of the inspection.  
Note: Hughes, Pam Page 1- picture of creek with abandoned gas line. Page 2 is abandoned line (white) Steel pipe is exposed. Page 3 shows debris that is collecting on the pipe. Page 4 shows the short stop T from re-location. Page 5,6,7, showing same fitting from short stop T. Explains the short stop T and why it is used.

1:16:43 PM Atty Fell -PSC - direct exam of Witness Grugin  
Note: Hughes, Pam Page 6 of 73 of Inspection report. Recommendations and comments. High priority for utility to resolve and met with Mayor and City clerk to discuss deficiencies.  
Note: Hughes, Pam Follow-up report in November of 2016.

1:18:57 PM Atty Fell -PSC - direct exam of Witness Grugin  
Note: Hughes, Pam Appendix C of May 11, 2017 Order. Report of November 2016 inspection. Follow-up report.

1:20:19 PM Atty Fell -PSC - direct exam of Witness Grugin  
Note: Hughes, Pam Discussed with Foreman Bill Stevens, and found that nothing had been corrected on this line.  
Note: Hughes, Pam Page three of 2016 Insection report, summary section. Probable violations again lists Finding # 8.

1:21:59 PM Atty Fell -PSC - direct exam of Witness Grugin  
Note: Hughes, Pam Financing about repairs on this pipe. Was told no money to repair.  
Note: Hughes, Pam Regarding estimates obtained to cover the exposed pipeline.

1:22:46 PM Atty Fell -PSC - direct exam of Witness Grugin  
Note: Hughes, Pam Summary section on page 3 of the 2016 Insection report. Explains why this violation is serious.

1:23:51 PM Atty Fell -PSC - direct exam of Witness Grugin  
Note: Hughes, Pam Costs of emergency repair.  
Note: Hughes, Pam 5th paragraph of summary section of 2016 Inspection report and danger to customers if the line would have failed.

1:25:10 PM Atty Fell -PSC - direct exam of Witness Grugin  
Note: Hughes, Pam After 2016 November inspection any dealings with anyone with Olive Hill and any other problems not fixed. Finding number 8 from 2015-16 inspection is still ongoing.

1:26:13 PM Atty Willis-Olive Hill - direct exam of Witness Grugin  
Note: Hughes, Pam All violations fixed except the one exposed line.

1:27:06 PM Atty Willis-Olive Hill - direct exam of Witness Grugin  
Note: Hughes, Pam Regarding what a directional bore is.

1:27:36 PM Atty Willis-Olive Hill - direct exam of Witness Grugin  
Note: Hughes, Pam Regarding width of Tygarts Creek

1:28:06 PM Atty Willis-Olive Hill - direct exam of Witness Grugin  
Note: Hughes, Pam Flood close to time of June 2015 inspection, Witness states it was shortly after first inspection.

1:28:40 PM Atty Willis-Olive Hill - direct exam of Witness Grugin  
Note: Hughes, Pam Regarding boring and who is responsible for doing this job.

1:29:17 PM Atty Willis-Olive Hill - direct exam of Witness Grugin  
Note: Hughes, Pam Regarding violations in first report. 10 violations that were repaired.

1:29:55 PM Atty Willis-Olive Hill - direct exam of Witness Grugin  
Note: Hughes, Pam Regarding speaking to new Mayor or member of new City Council.  
Note: Hughes, Pam Regarding speaking with old Mayor

1:30:36 PM Atty Willis-Olive Hill - direct exam of Witness Grugin  
Note: Hughes, Pam Corrected 9 of the 10 deficiencies in 2015 report.  
Note: Hughes, Pam Regarding the City's concerns as to the repairs being done is financial problems.

1:31:26 PM Chairman Schmitt cross exam of Witness Grugin  
Note: Hughes, Pam Regarding if line was washed out it could cause pressure loss or broken clear free. Safety hazard if this pipe broke free.  
Note: Hughes, Pam 100 lbs pressure line. 3 inch pipe is sole means of gas to the City of Olive Hill. Leak in well and opinion as to if leak should be repaired in well.

1:33:38 PM Chairman Schmitt cross exam of Witness Grugin  
Note: Hughes, Pam Regarding the Letter from Mayor Kenny Fankel to Bill Aitken with the Commission.  
Note: Hughes, Pam Lack of funding to fix line was the problem.

1:35:09 PM Chairman Schmitt cross exam of Witness Grugin  
Note: Hughes, Pam June 9, 2015 Inspection report. Appendix A, page 1. Number of customers supplied by this system. 705 customers.

1:36:21 PM Chairman Schmitt cross exam of Witness Grugin  
Note: Hughes, Pam Regarding Witness Grugin's opinion to the gas pipe condition shows violation part 192 section? of code of federal regulations.

1:37:17 PM Witness Grugin excused  
1:37:41 PM break  
1:37:49 PM Session Paused  
1:44:04 PM Session Resumed  
1:44:07 PM Chairman Schmitt asks for other witnesses  
1:44:21 PM Witness Mayor Jerry Callihan takes the stand  
Note: Hughes, Pam Is sworn in by the Chairman.

1:44:39 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam Regarding when he became Mayor (March 2017) and being on the city council and duties when he worked for the city of Olive Hill.

1:45:48 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam Regarding gas lines and violations. Photos introduced as PSC exhibit 2. Page 1 of photos and if there has been any improvement

1:46:56 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam Non-compliance is due to lack of funding.  
Note: Hughes, Pam Aware of June 2015 violations. When is last time Mayor has been to this section of Tygarts creek? Acknowledges that the city is not in compliance with the PSC.

1:48:12 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam Regarding if Mayor Fankel conveyed these concerns to the city council and if a meeting ever took place to talk about getting funding for this repair.  
Note: Hughes, Pam Regarding how much to repair this pipeline. 75,000.00 to repair according to estimate made by now Mayor Callihan. Mayor Callihan will have special meeting for this coming Monday concerning funding.

1:50:05 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam Regarding boring machine and employees of the City being able to complete.  
Note: Hughes, Pam Aware of anyone being able to do repair. Has contacted 2 companies to repair.

1:50:59 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam Discussion with prior Mayor Fankel via letter to Mr. Aitkens of PSC.  
Note: Hughes, Pam Mo mayor and no one to oversee council meetings when Mayor Fankel was hospitalized.



1:52:27 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam Regarding talking to Mayor Fankel about city business while he was hospitalized. He was incapacitated

1:53:11 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam Creek diverted itself causing a washout of the gas pipe.  
Note: Hughes, Pam Wash-out and widening channel of Tygarts creek. How many times flooded in past 2 to 3 years. 3 times and class action lawsuits resulting from this flooding. No exposed gas lines prior to the flooding.

1:54:50 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam PSC Exhibit 2 picture shows still water under pipe.

1:55:15 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam Regarding Mayor Fankel being at City Hall 5 days a week.  
Note: Hughes, Pam Concerning lack of communication between Mayor and city council.

1:56:11 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam Budget to be passed after second reading. Possible to change budget to comply with the Commission

1:57:03 PM Atty Willis- Olive Hill- direct exam of Witness Callihan  
Note: Hughes, Pam Asks if Commission sanctions city of Olive Hill would you ask this to be discharged for certain period of time in order to remedy this pipeline repair.

1:57:47 PM Atty Fell cross exam of Witness Callihan  
Note: Hughes, Pam Asks if Witness was aware of response needing to be filed within 20 days as Ordered in the May 11th Order.  
Note: Hughes, Pam Regarding prior knowledge of Mayy 11 Order. Missy Carroll called him the day the email was sent to the city.

1:59:12 PM Atty Fell- PSC- cross exam of Witness Callihan  
Note: Hughes, Pam Regarding why no response was filed by Olive Hill to the Commissions Order.

1:59:48 PM Atty Fell- PSC- cross exam of Witness Callihan  
Note: Hughes, Pam Regarding what would have to be done if damage to the exposed pipe.  
Note: Hughes, Pam No denial to the pipe being exposed and still exposed today. On main feeder line to all of Olive Hills customers and would interrupt all customers if this pipe failed.

2:01:39 PM Atty Fell- PSC- cross exam of Witness Callihan  
Note: Hughes, Pam Estimate provided as far as the 75,000. No, that is Witness Callihan's estimate not the one from Schwartz.

2:02:08 PM Atty Fell- PSC- cross exam of Witness Callihan  
Note: Hughes, Pam Exposure issue has not been on any city council meetings but the leak was brought up in meetings.  
Note: Hughes, Pam Anyone on city council that represents the utility dept.

2:03:07 PM Atty Fell- PSC- cross exam of Witness Callihan  
Note: Hughes, Pam Regarding any knowledge of leak after washout or before.

2:03:29 PM Atty Fell- PSC- cross exam of Witness Callihan  
Note: Hughes, Pam Regarding some monies being available from budget.

2:04:04 PM Atty Fell- PSC- cross exam of Witness Callihan  
Note: Hughes, Pam Regarding the Undertaking of a loan to repair pipe.

2:04:40 PM Atty Fell- PSC- cross exam of Witness Callihan  
Note: Hughes, Pam Regarding deficiencies from 2015 inspection and addtional washouts.  
Note: Hughes, Pam How was that repair funded? Doesn't know.

2:05:30 PM Atty Fell- PSC- cross exam of Witness Callihan  
Note: Hughes, Pam Regarding Schwartz pipeline time frame to start and finish repair.



2:06:08 PM	Vice Chairman cross exam of Witness Callihan	
	Note: Hughes, Pam	2015 deficiencies still ongoing - there needs to be some contact person from Olive Hill to the Commission.
	Note: Hughes, Pam	Funding the repair of the pipe. Suggests some type of rider on customers bills to help with funding this repair.
2:07:09 PM	Camera Lock PTZ Activated	
2:08:17 PM	Camera Lock Deactivated	
2:08:20 PM	Chairman Schmitt cross exam of witness Callihan	
	Note: Hughes, Pam	Regarding the population of gas customers and rates to customers to help pay for the needed repair.
2:10:08 PM	Chairman Schmitt- cross exam of Witness Callihan	
	Note: Hughes, Pam	Regarding the Class action lawsuits against the city of Olive Hill
2:10:46 PM	Chairman Schmitt- cross exam of Witness Callihan	
	Note: Hughes, Pam	Regarding estimate of 75,000 to repair pipe. Chairman Schmitt suggests looking into borrowing the directional boring equipment from another city.
2:11:59 PM	Chairman Schmitt- cross exam of Witness Callihan	
	Note: Hughes, Pam	Remarks that if the city contracted the repair, they would have to bid it out unless it was an emergency repair,
2:12:43 PM	Chairman Schmitt- cross exam of Witness Callihan	
	Note: Hughes, Pam	Regarding penalty to ensure citizens are safe???
2:13:39 PM	Witness Callihan excused	
2:13:52 PM	Chairman Schmitt remarks	
	Note: Hughes, Pam	Furnish electronically a filing to the Commission before the Commission makes a decision.
2:15:49 PM	Vice Chairman asks for PHDR to Atty Willis	
	Note: Hughes, Pam	Atty Fell states can be sent on Friday.
2:16:11 PM	PHDR to go out by Friday June 9, 2017	
	Note: Hughes, Pam	Atty Willis to get some estimates by sometime next week to repair pipe. Furnish info in a letter what the council's action will be by COB Wednesday.
2:18:39 PM	Chairman Schmitt asks for briefs to be filed.	
	Note: Hughes, Pam	Atty Willis staes he will send written brief following Monday's city council meeting if the meerting doesn't go as he thinks it will.
2:19:38 PM	Hearing Adjourned	
2:19:46 PM	Session Paused	
2:59:44 PM	Session Ended	



# Exhibit List Report

2017-00167\_7June2017

City of Olive Hill & City of Olive Hill  
Utility Department

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Judge: Bob Cicero; Michael Schmitt

Witness: Joel Grogin; Mayor Jerry Callihan; Christine Smith

Clerk: Pam Hughes

<b>Name:</b>	<b>Description:</b>
PSC Exhibit 01	Electronic mail from Missy Carroll, Head Utility Clerk with City of Olive Hill to the PSC filings concerning sending Order to Angela Owens, City Clerk.
PSC Exhibit 02	8 photographs taken by PSC insector Joel Grugin during his 2015 inspection of Olive Hill Utilities. Exposed gas pipelaine in Tygarts Creek.

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**From:** PSC - Electronic Filings Mailbox  
**Sent:** Friday, May 12, 2017 11:50 AM  
**To:** 'angelaowens@cityofolivehill.com'  
**Subject:** FW: Item Logged For Case: 2017-00167

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**From:** Olive Hill [mailto:olivehillutilities@cityofolivehill.com]  
**Sent:** Thursday, May 11, 2017 2:45 PM  
**To:** PSC - Electronic Filings Mailbox <pscfilings@ky.gov>  
**Subject:** RE: Item Logged For Case: 2017-00167

Please send a copy of this document to the City Clerk at [angelaowens@cityofolivehill.com](mailto:angelaowens@cityofolivehill.com).

Thanks,  
Missy Carroll  
Head Utility Clerk

**From:** KY\_PSC Filings [mailto:PSCFilings@ky.gov]  
**Sent:** Thursday, May 11, 2017 2:13 PM  
**To:** [kennyfankell@cityofolivehill.com](mailto:kennyfankell@cityofolivehill.com); [olivehillutilities@cityofolivehill.com](mailto:olivehillutilities@cityofolivehill.com); [pscfilings@ky.gov](mailto:pscfilings@ky.gov)  
**Subject:** Item Logged For Case: 2017-00167

Confirmation of Posting.

This notification is sent regarding the recent filing for case# 2017-00167 on 5/11/2017 at 2:13 PM

Filed by: PSC

Date/Time Filed: 5/11/2017 2:13:45 PM

The following Document(s) have been posted to the Case File

Linked below is a document from the Kentucky Public Service Commission from case number 2017-00167. This is an official document and service is rendered based upon this email. Pursuant to KRS 278.380 amended by the Kentucky General Assembly during the 2014 General Session, the electronic delivery of all Kentucky Public Service Commission orders is now allowed. This includes data requests, as well as all other case-related documents. Electronic transmission may include either an electronic version of the order or document or a hyperlink to the order or document on the PSC website. The mailing date of the order or document will be the date of the electronic transmission. Any applicant or party desiring delivery of orders or documents by postal mail may request such delivery on a per case basis from the PSC and demonstrate good cause for the request.

[PSC\\_ORDER File](#)

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Kentucky Public Service Commission

Address: P.O. Box 615 , 211 Sower Boulevard, Frankfort, Kentucky 40602-0615

Phone: (502) 564-3940, Fax: (502) 564-3460

Office Hours: Monday - Friday 8am - 5pm

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Olive Hill Natural Gas System - [olivehillutilities@cityofolivehill.com](mailto:olivehillutilities@cityofolivehill.com)





PSC  
Exhibit

2, Page 1





PSC  
Exhibit 2, Page 2





PSC  
Exhibit

2, Page 3





PSC  
Exhibit 2, Page 4





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Exhibit

2, Page 5





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PSC  
Exhibit 2, Page 10





PSC  
Exhibit 2, Page 7





1. 8  
PSC Exhibit 2, Page 8



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