

CASE

NUMBER:

612-66

LEGACY FARM TOWNHOUSES

AS OF : 06/05/01

Investigation - Service

COMPREHENSIVE INSPECTION

IN THE MATTER OF LEGACY FARM TOWNHOMES
ALLEGED VIOLATIONS OF ADMINISTRATIVE REGULATION
807 KAR 5:022 AND 49 CFR 189-199

SEQ NBR	ENTRY DATE	REMARKS
0001	06/15/1999	Order scheduling hearing on 7/19 at 9:00; resp. to allegations due 7/6.
M0001	07/29/1999	MATT BOWLING ALEXANDER PROPERTIES-NOTIFICATION THAT LEGACY FARM TOWNHOUSES WILL COMPLY WITH
M0002	08/02/1999	CONNIE SEWELL COURT REPORTER-TRANSCRIPT FILED FOR HEARING ON JULY 19,99
0002	09/20/1999	Final Order assessing civil penalties.
0003	09/29/1999	Receipt of Payment of \$1,500.00 penalty.
0004	05/01/2001	Receipt of Payment of \$2,000.00 penalty.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION


In the Matter of:

LEGACY FARM TOWNHOMES ALLEGED
VIOLATIONS OF ADMINISTRATIVE
REGULATION 807 KAR 5:022

CASE NO.
2000-534 &
1999-219

The receipt of payment dated May 1, 2001 is amended to read as follows:

This is to acknowledge receipt of one check in the amount of \$2,000.00, payable to Kentucky State Treasurer on April 26, 2001 from Legacy Farm Townhomes. This represents full payment of the penalty assessed in Case No. 1999-219 only, as directed in Case No. 2000-534.



Stephanie Bell
Secretary of the Commission
Dated May 7, 2001

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LEGACY FARM TOWNHOMES)
)
 _____) CASE NO. 99-219
)
 ALLEGED VIOLATIONS OF)
 ADMINISTRATIVE REGULATION)
 807 KAR 5:022)

RECEIPT OF PAYMENT

This is to acknowledge receipt of one check in the amount of \$1,500.00, payable to Kentucky State Treasurer from Multi-Property Partners, LP. This represents full payment of the penalty assessed against them in the above-styled action.

Stephanie Bell
Stephanie Bell
Secretary of the Commission
Dated 9-29-99

hv



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. 99-219
LEGACY FARM TOWNHOUSES

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 September 20, 1999.

Parties of Record:

Margie McConathy
Executive Director
Legacy Farm Townhouses
200 Alsab Court
Lexington, KY. 40509

Mr. Matt Bowling
Regional Manager
Legacy Farm Townhouses
Alexander Properties Group Inc.
200 Alsab Court
Lexington, KY. 40502

Stephanie Bell

Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LEGACY FARM TOWNHOMES)
)
 _____) CASE NO. 99-219
)
 ALLEGED VIOLATIONS OF)
 ADMINISTRATIVE REGULATION)
 807 KAR 5:022)

O R D E R

Legacy Farm Townhomes ("Legacy Farm") is a master meter system operator that receives natural gas from the Columbia Gas of Kentucky system. Legacy Farm then redistributes its gas to 152 apartments through a network of steel and plastic pipelines.

Legacy Farm, as a master meter operator, is subject to the safety jurisdiction of the Commission, pursuant to KRS 278.040 and KRS 278.495. Legacy Farm 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.

On June 15, 1999, the Commission issued an Order requiring Legacy Farm to appear before the Commission on July 19, 1999 to present evidence and show cause why it should not be subject to civil penalties as prescribed in KRS 278.990 and KRS 278.992.

That Order also directed Legacy Farm to file a written response to the allegations, as set out in the Comprehensive Inspection Report, by July 7, 1999. Legacy Farm did not file a written response to the allegations as directed in the June 15 Commission Order.

On July 19, 1999, a formal hearing was held before the Commission, at which Legacy Farm was represented by its regional manager, Matt Bowling.¹ At that hearing Legacy Farm admitted that it was in violation of the regulations as set out in the Comprehensive Inspection Report.² Legacy Farm also admitted that it did not file a response to the allegations as ordered by the Commission.³ Failure to obey an Order of the Commission is a violation of KRS 278.990(1), which states that any person who willfully fails to obey any Order of the Commission shall be subject to a civil penalty not to exceed \$2,500 for each offense.

Based upon the evidence and admissions contained in the record, the Commission finds that Legacy Farm is in violation of the following:

1. No corrosion inspection for 1998 as required by KAR 5:022, Section 10(9) (a) and 49 CFR Part 192.465.
2. No annual valve inspection conducted in 1998 as required by 807 KAR 5:022, Section 14(25) and 49 CFR Part 192.747.
3. No system patrolling conducted in 1998 as required by 807 KAR 5:022, Section 14(12) and 49 CFR, Part 192.721.

¹ Transcript of Evidence, page 4.

² Transcript of Evidence, page 9-10.

³ Transcript of Evidence, page 14-15.

4. No leakage survey was conducted in 1998 as required by 807 KAR 5:022, Section 14 (13)(b) 1 and 49 CFR, Part 192.723.

5. No Operation and Maintenance ("O&M") Plan as required by 807 KAR 5:022, Section 13 (2) and 49 CFR, Part 192.603.

6. No written Emergency Plan for its natural gas system as required by 807 KAR 5:022, Section 13(9) and 49 CFR, Part 192.615.

7. Failure to file a response to the allegations as ordered by the Commission on June 15, 1999, which is a willful violation of KRS 278.990(1).

The Commission has considered, in determining the amount of the penalty to be imposed for the six safety violations under KRS 278.992(1), that each violation carries a penalty of \$25,000. The Commission finds that Legacy Farm is a large apartment complex with 152 units and that the violations directly affect the safety of the residents of those apartments and that Legacy Farm did not attempt to respond to the Commission's Order prior to the hearing. Legacy Farm did testify that it had contacted Moore Pipeline Corrosion Service ("Moore"), which conducted a leak survey and cathodic protection survey. Legacy Farm presented forms that had been prepared by Moore for these required inspection reports. Legacy Farm also stated it was in the process of contracting with Moore to perform other inspections and prepare Operation & Maintenance plans.⁴

⁴ Transcript of Evidence, page 10, 12, 16, Exhibit A.

The Commission, having considered the evidence of record and having been otherwise sufficiently advised, HEREBY ORDERS that:

1. Legacy Farm is assessed a civil penalty of \$500 for its willful failure to file a response to the Commission's Order of June 15, 1999.

2. Legacy Farm is assessed a civil penalty of \$500 for each of the six violations of the Administrative Regulations as set out in findings 1 through 6 and as prescribed in KRS 278.992(1) for a total of Three Thousand (\$3,000) Dollars.

3. Within 10 days of the date of this Order, Legacy Farm shall pay to the Commonwealth of Kentucky the sum of One Thousand Five Hundred (\$1,500) Dollars. This payment shall be in the form of a cashier's or certified 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.

4. The balance of the \$3,000 penalty for the violations under KRS 278.992(1) or \$2,000 is to be suspended subject to the following terms and conditions:

a. There are to be no repeat violations upon a re-inspection of Legacy Farm to be performed within 60 days from the date of this Order.

b. There are to be no repeat violations by Legacy Farm within the next three years.

c. Legacy Farm management staff shall attend annually for three years gas safety training seminars such as those sponsored by the Kentucky Gas Association or The United States Department of Transportation/Office of Pipeline Safety and retain records of said attendance for review by Commission Staff.

Done at Frankfort, Kentucky, this 20th day of September, 1999.

By the Commission

ATTEST:


Executive Director

Alexander Properties Group Inc.

Regional Office
209 Lakeshore DR #3
Lexington, KY 40502
Phone (606) 269-1990
Fax (606) 269-1991

RECEIVED
JUL 29 1999
PUBLIC SERVICE
COMMISSION

July 27, 1999

Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

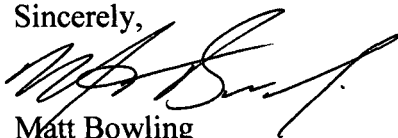
Re: Case No. 99-219

I am the regional manager for Legacy Farm townhouses. I did not come to Alexander Properties until January 1999 and was not the regional manager over Legacy Farm Townhouses until April 1999. Margie McConathy was formerly the district manager overseeing Legacy Farm and left the company prior to my affiliation with Alexander Properties in January. Mrs. McConathy did not relay any information to anyone associated with Alexander Properties regarding the "Master Meter" situation at Legacy Farm. The first I ever heard of this situation was when Mr. David B. Kinman performed a routine inspection of the property. After reviewing Mr. Kinman's report, I immediately began working to comply with the regulations he cited.

We are working with Jackie Moore with Moore Pipeline Corrosion Services to perform all of the work needed. Moore Pipeline has already completed a gas leakage survey and a cathodic protection survey. Mr. Moore will be helping us with and/or doing the remainder of the work needed including the valve inspection, patrolling the system, devising an O & M Plan, and an Emergency Plan.

Legacy Farm Townhouses will be complying with all of the regulations cited. It was never our intentions not to comply with any regulations, we simply did not know the steps that we needed to take upon Mrs. McConathy's departure. Thank you for your help and understanding in this matter.

Sincerely,



Matt Bowling
Regional Manager



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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

June 15, 1999

Margie McConathy
Executive Director
Legacy Farm Townhouses
200 Alsab Court
Lexington, KY. 40509

RE: Case No. 99-219

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

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LEGACY FARM TOWNHOMES)
)
 _____) CASE NO. 99-219
)
 ALLEGED VIOLATIONS OF)
 ADMINISTRATIVE REGULATION)
 807 KAR 5:022 AND 49 CFR 189-199)

O R D E R

Legacy Farm Townhomes ("Legacy Farm") is a master meter system operator that receives natural gas from the Columbia Gas of Kentucky system. Legacy Farm then redistributes its gas to 152 apartments through a network of steel and plastic pipelines.

Legacy Farm, as a master meter operator, is subject to the safety jurisdiction of the Commission, pursuant to KRS 278.040 and KRS 278.495. Legacy Farm 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 violations:

1. No corrosion inspection for 1998 as required by KAR 5:022, Section 10(9) (a) and 49 CFR Part 192.465.

2. No annual valve inspection conducted in 1998 as required by 807 KAR 5:022, Section 14(25) and 49 CFR Part 192.747.

3. No system patrolling conducted in 1998 as required by 807 KAR 5:022, Section 14(12) and 49 CFR, Part 192.721.

4. No leakage survey was conducted in 1998 as required by 807 KAR 5:022, Section 14(13)(b)1 and 49 CFR, Part 192.723.

5. No Operation and Maintenance ("O&M") Plan as required by 807 KAR 5:022, Section 13(2) and 49 CFR, Part 192.603.

6. No written Emergency Plan for its natural gas system as required by 807 KAR 5:022, Section 13(9) and 49 CFR, Part 192.615.

Based on its review of the Comprehensive Inspection Report, and being otherwise sufficiently advised, the Commission finds that *prima facie* evidence exists that Legacy Farm has failed to comply with the regulations cited herein.

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

1. Legacy Farm shall appear before the Commission on July 19, 1999, at 9:00 a.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 Administrative Regulation 807 KAR 5:022 and 49 CFR 189-199 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 Legacy Farm, dated April 30, 1999, a copy of which is appended hereto, is made part of the record of this proceeding.

3. Legacy Farm 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 15th 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. 99-219 DATED 6/15/99

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

LEGACY FARM TOWNHOMES
Lexington, Kentucky

April 30, 1999

BRIEF

A comprehensive inspection of the natural gas system of the Legacy Farm Townhomes ("Legacy Farm"), an apartment complex in Lexington, Kentucky, was conducted on April 28, 1999 by David B. Kinman. This apartment complex was formerly named Alsab Farm Townhouses. 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

Legacy Farm is a master meter natural gas operator that receives its gas through the Columbia Gas of Kentucky system and then redistributes its gas to 152 apartments through a network of steel and plastic pipelines. Gas is used in the complex for a variety of purposes including heat, hot water and cooking.

A master meter system is defined in 49 CFR Part 191.3 as a pipeline system for delivering gas within, but not limited to, a definable area such as a mobile home park, housing or apartment complexes where the operator purchases gas from an outside

source for resale through a gas distribution system. The gas distribution pipeline system supplies the ultimate consumer who either purchases the gas directly or through other means, such as rent.

The intent of this inspection and subsequent inspections of other master meter operators is to afford the residents of these master meter complexes the same standards of safety that are required by other operators.

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

FINDINGS

The following deficiencies were noted during the inspection:

1. Legacy Farm, in 1998, did not perform the required corrosion inspection. 49 CFR 192.465 and 807 KAR 5:022, Section 10(9)(a).
2. The required annual valve inspection was not conducted in 1998. 49 CFR 192.747 and 807 KAR 5:022, Section 14(25).
3. Legacy Farm did not patrol its gas system in 1998 as required. 49 CFR 192.721 and 807 KAR 5:022, Section 14(12).
4. A leakage survey was not conducted in 1998. 49 CFR 192.723 and 807 KAR 5:022, Section 14(13)(b)1.
5. Legacy Farm does not have the required Operation and Maintenance ("O&M") plan. 49 CFR 192.603 and 807 KAR 5:022, Section 13(2).

6. Legacy Farm does not have a written Emergency Plan for its natural gas system. 49 CFR 192.615 and 807 KAR 5:022, Section 13(9).

At the time of the inspection, local management and maintenance personnel were unaware of the fact that Legacy Farm was a master meter natural gas operator. They were unprepared either through training, knowledge or experience to operate a natural gas system in a safe and prudent manner. The upper management of Legacy Farm has failed to pass this information to its new onsite maintenance and management personnel.

RECOMMENDATIONS

It is recommended that Legacy Farm:

1. Immediately conduct a cathodic protection survey and repair any substandard readings.
2. Immediately conduct valve inspections to be assured that they will operate in the event of an emergency.
3. Begin patrolling this system immediately, note any abnormalities and correct them as soon as possible.
4. Conduct a leakage survey immediately and repair all leakage found in a timely manner.
5. Write and follow an O&M plan specific to the Legacy Farm system.
6. Write and be prepared to follow an Emergency Plan specific to the gas facilities of Legacy Farm.

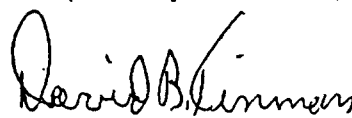
Report – Legacy Farm Townhomes
April 30, 1999
Page 4

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@ltd.net, web address: <http://www.kygas.org>

It is further recommended that a copy of this report be sent to Legacy Farm directing it to respond by May 17, 1999 with a plan of correction to the cited deficiencies for Commission approval.

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

Respectfully submitted,


David B. Kinman
Gas Utility Investigator
Gas Branch

LLA
EB

DBK:dcp
9906900

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

ORIGINAL

1
2
3 IN THE MATTER OF:

4 LEGACY FARM TOWNHOMES
5

FILED

AUG 02 1999

PUBLIC SERVICE
COMMISSION

6 _____
7 ALLEGED VIOLATIONS OF
8 ADMINISTRATIVE REGULATION
9 807 KAR 5:022 AND 49 CFR 189-199

10 CASE NO. 99-219
11
12
13

14 TRANSCRIPT OF EVIDENCE
15
16
17
18
19
20
21
22
23

24 DATE OF HEARING: July 19, 1999
25

1
CONNIE SEWELL
COURT REPORTER

1705 SOUTH BENSON ROAD
FRANKFORT, KENTUCKY 40601
(502) 875-4272

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES

HON. PAUL SHAPIRO, HEARING OFFICER

HON. JAMES R. GOFF, COUNSEL FOR COMMISSION STAFF

FOR LEGACY FARM TOWNHOMES:
MR. MATT BOWLING, REGIONAL MANAGER
LEGACY FARM TOWNHOMES
200 ALSAB COURT
LEXINGTON, KENTUCKY

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

PAGE NO.

Appearances	2
Discussion	4-6
MATT BOWLING	
Examination by Hearing Officer Shapiro	7-15
Cross Examination by Mr. Goff	15-18
Discussion	18-21
Reporter's Certificate	22

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HEARING OFFICER SHAPIRO:

This is a hearing before the Kentucky Public Service Commission in the matter of Legacy Farm Townhomes here by Order of the Commission entered on June 15, 1999, directing Legacy Farm Townhomes to appear and show cause why it should not be subject to the penalties prescribed by the statute for violations alleged in the Order and more fully explained in the inspection report attached to the Order. Who is appearing here on behalf of Legacy Farm?

MR. BOWLING:

Matt Bowling.

HEARING OFFICER SHAPIRO:

Would you spell your name?

MR. BOWLING:

B-o-w-l-i-n-g.

HEARING OFFICER SHAPIRO:

And what connection do you have with . . .

MR. BOWLING:

I am the Regional Manager for that area for Alexander Properties who is the management company for Legacy Farm.

HEARING OFFICER SHAPIRO:

Alexander Management?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. BOWLING:

It's Alexander Properties Group, Inc., is the full name.

HEARING OFFICER SHAPIRO:

Okay. Mr. Bowling, you're not an attorney; is that right?

MR. BOWLING:

No, sir.

HEARING OFFICER SHAPIRO:

And who's appearing on behalf of Commission staff?

MR. GOFF:

James R. Goff, staff attorney.

HEARING OFFICER SHAPIRO:

Mr. Bowling, have you read the Order and the report?

MR. BOWLING:

Yes, sir, I've read what was given to us. I'm assuming that is the Order in full. So, yes, I have.

HEARING OFFICER SHAPIRO:

Now, in that report - let me just direct your attention to the report.

MR. BOWLING:

Okay.

HEARING OFFICER SHAPIRO:

It notes in its findings six separate violations of the regulations.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. BOWLING:

Yes, sir.

HEARING OFFICER SHAPIRO:

Have you had an opportunity to review those findings?

MR. BOWLING:

I have. I have.

HEARING OFFICER SHAPIRO:

Do you agree or disagree that those are . . .

MR. BOWLING:

No. I do agree. If I could explain . . .

HEARING OFFICER SHAPIRO:

Well, let me just . . .

MR. BOWLING:

Okay.

HEARING OFFICER SHAPIRO:

Let me just see if I can - perhaps I had better put you under oath. Would you raise your right hand?

MR. BOWLING:

Yes, sir.

WITNESS SWORN

1 The witness, MATT BOWLING, after having been first
2 duly sworn, testified as follows:

3 EXAMINATION

4 BY HEARING OFFICER SHAPIRO:

5 Q. You've already told us your name is Matt Bowling.

6 A. Correct.

7 Q. And what is your position with the . . .

8 A. Regional Manager.

9 Q. And the name of the company?

10 A. Alexander Properties Group, Inc.

11 Q. And is that a Kentucky corporation?

12 A. They're based out of Atlanta, Georgia.

13 Q. Atlanta, Georgia. Is it a Georgia corporation or do
14 you know?

15 A. I'm not positive. I just came on with them in January
16 of this year, so I'm still learning.

17 Q. Okay. But it's a corporation whose principal place of
18 business, then, is in Atlanta, Georgia?

19 A. That's where their corporate headquarters is; yes.

20 Q. The corporate headquarters are?

21 A. Yes.

22 Q. Okay. Where is Legacy Farm located?

23 A. It's in Lexington, Kentucky, 200 Alsab Court.

24 Q. What section of Lexington is that?

25 A. It is directly off of Richmond Road. I guess that

- 1 would be considered the southeastern portion.
- 2 Q. Okay. Are those the apartments that are behind the
- 3 French Quarter Suites?
- 4 A. French Quarter, yes.
- 5 Q. How long have they owned the apartments?
- 6 A. If I'm not mistaken, only about three years, give or
- 7 take.
- 8 Q. Do they have any other properties in Kentucky?
- 9 A. Yes. They have the Lexington Luxury Apartments which
- 10 is off Tates Creek Road. The way it's set up they own
- 11 and manage both of those. They also fee manage two
- 12 other apartment complexes, Lakeshore Apartments and The
- 13 Grove at Tates Creek. So there are four.
- 14 Q. Now, the Order that was entered relates to a master
- 15 meter gas distribution system.
- 16 A. Uh-huh.
- 17 Q. Are you familiar with the gas system that's used in the
- 18 apartments?
- 19 A. I am trying to very quickly become familiar with it the
- 20 best I can.
- 21 Q. Okay. Let me just ask you. You purchase your gas from
- 22 Columbia Gas?
- 23 A. Correct.
- 24 Q. And then do you resell that gas or is the gas included
- 25 in the rent?

1 A. No. What we have done is through a system which I am
2 trying to become familiar with. It's a system of
3 monitors that are attached to the line inside the
4 apartment via modem that data to measure run time.
5 That's all it does, is measure the run time of the gas.
6 I'm not exactly how that is, but it's a censor that's
7 attached to the pipe. It measures the run time. Via
8 modem that data is transferred to a company in Colorado
9 which then, through a series of formulas, calculates
10 the consumption and sends a bill for that consumption
11 to the resident.

12 Q. Okay. I assume, then, that the only people that are
13 served by the gas that you purchase from Columbia Gas
14 are residents of the complex.

15 A. Yes.

16 Q. Okay. And, again, I asked you earlier if you had read
17 the Order that was issued on June 15, 1999, and you
18 said you had?

19 A. Yes.

20 Q. And you said you were familiar with the violations that
21 are alleged in the Order . . .

22 A. Yes.

23 Q. . . . and also which are listed in the Comprehensive
24 Inspection Report?

25 A. Correct.

1 Q. And that you agree that those violations did, in fact,
2 occur?
3 A. Yes.
4 Q. And you agree with the findings of the report; is that
5 correct?
6 A. Yes.
7 Q. And you also accept that the recommendations made in
8 the report are valid?
9 A. Yes. We have actually already begun trying to get all
10 of it taken care of.
11 Q. Okay. What have you done to address these issues?
12 A. Through, I believe, the Commission, I had received a
13 list of people that might be able to take care of these
14 situations for us. I called numbers of them trying to
15 get them out there. It was a little tough, but we
16 finally settled with Moore Pipeline. They have
17 conducted the leak survey as well as the cathodic
18 protection survey. They are working on the remainder
19 of those six items, but I have with me the leak survey
20 as well as the cathodic protection survey if you would
21 like to see that.
22 Q. Okay. Is there anything you would like to tell the
23 Commission concerning what you have done with respect
24 to this report?
25 A. Yeah, if I could explain how this happened. I do agree

1 that these things have been overlooked. To explain how
2 they got overlooked, like I said, the company has only
3 owned these properties in the neighborhood of three
4 years. I'm not exactly sure of the date. They had
5 decided to try to pass some of that utility bill onto
6 the resident. They looked at submetering those in
7 different ways. I know the gas company did get
8 involved in different stages of this. I don't know
9 how. Supposedly, it threw a monkey wrench into it when
10 Columbia Gas did get involved. They ended up going
11 with the submetering program, like I was discussing
12 earlier. Supposedly, the former District Manager who
13 was over those two properties was told that these
14 things had to be done. That information was not
15 relayed to anyone else. She was kind of running her
16 own show in Lexington being that the company and
17 everyone else was based out of Atlanta. She left the
18 company and did not relay that information to anyone.
19 I came on the company when they took over two
20 properties that I was at, which was the other two, The
21 Grove and Lakeshore Apartments. They made me the
22 Regional Manager, and I'm trying to, as quickly as I
23 can, learn more about the Lexington and Legacy Farm.
24 When the inspection was conducted was the first I had
25 heard about any of this and it was news to myself as

1 well as the company down in Atlanta. As soon as we
2 knew what we had to do, we started doing it. Like I
3 said, I've contacted probably most of the people on
4 this list trying to get them to help us out with these
5 six items. Like I said, Moore Pipeline has conducted
6 the leak survey as well as the cathodic protection
7 survey. They're working on helping us finish the
8 remainder of those. I just talked to Mr. Moore again
9 this morning before I came here. He is trying to work
10 up the O&M plan, the emergency maintenance program, as
11 well as the valve inspections. He's got some
12 recommendations on what may make the system better.
13 I'm not real familiar with gas systems at all, but he
14 said that there is a steel riser that would be more
15 beneficial to replace that possibly with plastic. So
16 he is trying to come up with ways to make this a better
17 system. We are planning on contracting out basically
18 with him since he has already done the initial work, if
19 he can patrol the system, do these inspections annually
20 for us, as I understand they're supposed to be done,
21 and basically have him take care of all of it for us so
22 we don't have this happen again. Like I said, the ball
23 was dropped by the previous management in this company.
24 It was not relayed to the remainder of the people with
25 the company. When I came on, I had no idea about this.

1 All I knew is that it had been submetered through those
2 systems and the phone lines, and, like I say, as soon
3 as we got the report and the inspection and we knew
4 that we had to do these things, we began working on
5 them. So the only thing I can say is it was ignorance
6 on our part. We didn't know we had to do these things.
7 Margie McConathy, I believe, was the old District
8 Manager. She was the person that was over those two
9 properties, and, as far as I am told, she did not relay
10 that information of what we had to do with Pete
11 Alexander or Curt Mann (sp.), the people in the
12 corporate office. So this was news to everyone,
13 supposedly, when this came out, and, as soon as it came
14 out, we started working on it. So, like I say, all I
15 can say is it was pure ignorance on our part. We were
16 not sure of what we had to do, but, once we realized
17 that this is what we had to do, we began working on it
18 immediately, and it has been kind of dropped in my lap
19 to take care of. So I am here begging you to work with
20 us on this.

21 Q. Well, there's one other issue that I would like to take
22 up with you and that is, if you'll look at Paragraph 2
23 of the ordering section of the Order, . . .

24 A. Of the Order? Let's see if I have the right
25 information here. Paragraph 2?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q. Yeah. It says in there that "The Comprehensive Inspection Report of Legacy Farm dated April 30, a copy of which is appended hereto, is made a part of the record of this proceeding." Oh, I'm sorry. Look at Paragraph 3.

A. Paragraph 3.

Q. Paragraph 3 requested that you submit within 20 days from the date of the Order a written Response to the allegations. Could you tell us why you didn't do that?

A. I was under the impression that Pete Alexander, who is out of corporate headquarters, contacted someone associated with the Commission and talked to them verbally over that matter. He told me to basically get these things accomplished and to come to the hearing and explain why we did not get them accomplished before. I was totally under the impression he had already contacted someone. That's why I did not personally, you know, . . .

Q. And you don't know why he didn't do it?

A. No, I do not. I thought that he had already contacted who he needed to contact. He may have thought I was supposed to do that. I thought he was supposed to do that or had already done that, actually. He said he talked to - I don't remember who he said - he talked to you? Okay. He said he had talked to someone and

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

basically, "Matt, get these things done." So . . .

HEARING OFFICER SHAPIRO:

Okay. Mr. Goff, do you have any questions?

CROSS EXAMINATION

BY MR. GOFF:

Q. Mr. Bowling, you referred to some reports that you had received or your company had generated. Before I get to that, let me make sure I understand. Legacy Farm Townhomes is owned by Alexander?

A. They do actually own . . .

Q. They own it?

A. Yes, Pete Alexander.

Q. So it's doing business as Legacy Farm?

A. Yeah. I don't know how they have incorporated that name. The way the company that I work for is set up is Pete and Andy Alexander started the company, hence the name Alexander Properties. They do buy some of the properties they manage as well as fee manage others. Like I said, they have four in Lexington. They fee manage two of those and own and manage two of those.

Q. Okay. Now, the reports that you referred to, would you be willing to make copies of those and as part of your testimony here today?

A. Yes.

Q. All right, and we could mark those, then, as your

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Exhibit - group them all as A; how about that?

A. Sure.

HEARING OFFICER SHAPIRO:

Have you got copies of them with you?

A. I've got . . .

Q. Do you have copies?

A. Yes, I've got the reports here. We can make copies of those, definitely.

MR. GOFF:

We can make copies of them.

EXHIBIT A

Q. You say you have and you're in the process of contracting with Moore Pipeline for his expertise in performing several or all of these activities that we have cited Legacy for?

A. Yes.

Q. Have you or has anyone in the immediate management there of the townhomes or houses obtained any training or any . . .

A. No.

Q. As for emergency type, say you may not be able to get immediate contact with Mr. Moore, . . .

A. Right.

Q. . . . there was, in the report, the address of one who may be able to assist in some sort of training seminar.

1 Have you designated anyone to take any of that?

2 A. Have not as of yet. We have gone through - again, we
3 let go the Maintenance Supervisor for whatever reasons.

4 Q. Uh-huh.

5 A. We let go that person. The only person that was left
6 was a tech. We just recently brought on a new
7 Maintenance Supervisor within the last two weeks.

8 Q. Uh-huh.

9 A. So, now, I think the staffing has leveled out, and
10 hopefully we will not have to change that again . . .

11 Q. Uh-huh.

12 A. . . . but that is why we haven't done that. We did let
13 go the Maintenance Supervisor.

14 Q. Would your company be willing to assure the Commission
15 that someone in that capacity would get some sort of
16 training where, . . .

17 A. We can do that.

18 Q. . . . if something were to occur that could not be
19 handled by phone or something, that those people would
20 know what to do . . .

21 A. Yeah. Yeah.

22 Q. . . . in an emergency type situation?

23 A. Yeah. I don't know what the training entails, . . .

24 Q. Uh-huh.

25 A. . . . but, yes, I mean, if that's something we need to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

do, by all means, we can do that.

Q. Okay. One of the staff has pointed out that, obviously, all of these things need to be kept in writing and in forms where they can look at it, and, as far as contacting the Commission generally, it must be done in writing. So that's no . . .

A. Okay.

Q. I mean, you can certainly call us any time, . . .

A. Okay.

Q. . . . but, in response to some of these, you know, directions, they really must be in writing.

A. Okay.

Q. Okay?

A. Okay. Do you all have any specific forms you would like us to use, or would you prefer we just come up with our own forms to use?

OFF THE RECORD

HEARING OFFICER SHAPIRO:

Do you have any witnesses?

MR. GOFF:

No, sir. Since the Legacy Farm has admitted that the violations did occur, we have nothing to put on at this time.

HEARING OFFICER SHAPIRO:

Okay. Mr. Bowling, do you have anything else you

1 would like to say?

2 MR. BOWLING:

3 No, sir. Just that, like I say, we are finishing
4 up with the remainder of what we have not
5 completed to date. If I could have had somebody
6 finish it by now, it would have already been done,
7 but, you know, like I say, we're working on it as
8 fast as we can to get it done. If you have any
9 suggestions, you know, with the forms and things
10 like that, by all means, we'll use those, but, no,
11 as I said, it's pure ignorance on our part as far
12 as not getting it done to this date, but we are
13 finishing up.

14 HEARING OFFICER SHAPIRO:

15 Well, I think it would be helpful for the record
16 if you were to give us a written report
17 summarizing what you have done . . .

18 MR. BOWLING:

19 Okay.

20 HEARING OFFICER SHAPIRO:

21 . . . with respect to each of these recom-
22 mendations and violations.

23 MR. BOWLING:

24 Okay.

25 HEARING OFFICER SHAPIRO:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

How long will it take you to file that?

MR. BOWLING:

I can write that up and have that done by the end of the day if necessary.

HEARING OFFICER SHAPIRO:

Well, we'll give you ten days to get that in.

MR. BOWLING:

Okay.

HEARING OFFICER SHAPIRO:

And, if you have any other questions, you can speak to any of the people here in the Gas Section.

MR. BOWLING:

Okay.

HEARING OFFICER SHAPIRO:

I would suggest that you probably do that before you leave.

MR. BOWLING:

Okay.

HEARING OFFICER SHAPIRO:

Is there anything further?

MR. GOFF:

Nothing further.

MR. BOWLING:

No.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HEARING OFFICER SHAPIRO:

Okay. The hearing is adjourned.

MR. BOWLING:

Thank you.

FURTHER THE WITNESS SAITH NOT
HEARING ADJOURNED
OFF THE RECORD


1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF KENTUCKY
COUNTY OF FRANKLIN

I, Connie Sewell, the undersigned Notary Public, in and for the State of Kentucky at Large, do hereby certify the foregoing transcript is a complete and accurate transcript, to the best of my ability, of the hearing taken down by me in this matter, as styled on the first page of this transcript; that said hearing was first taken down by me in shorthand and mechanically recorded and later transcribed under my supervision; that the witness was first duly sworn before testifying.

My commission will expire November 19, 2001.

Given under my hand at Frankfort, Kentucky, this the 31st day of July, 1999.



Connie Sewell, Notary Public
State of Kentucky at Large
1705 South Benson Road
Frankfort, Kentucky 40601
Phone: (502) 875-4272

MOORE PIPELINE CORROSION SERVICE

1083 IROQUOIS DR.
MT. STERLING, KY 40353
606-243-7179
606-498-2516

Cathodic Protection - Gas Leak Maintenance

GAS LEAKAGE SURVEY REPORT

MR. MATT BOWLING Mgr.
LEGACY FARM TOWNHOMES
200 ALSAB LT
LEXINGTON, Ky 40509

A gas leak survey was performed on July 11-1999

Equipment used: Decto-Pack Probe Bar Combustion Meter
Liquid Leak Detector Vegetation

SITE 1 LEGACY FARM TOWNHOMES
SITE 2 _____
SITE 3 _____
SITE 4 _____
SITE 5 _____
SITE 6 _____
OTHER _____

Total no. of leaks located: CLASS 1 0
CLASS 2 0
CLASS 3 0

Survey consisted of all underground main lines, service lines, risers, regulators, valves, meters and above-ground piping outside buildings.

REMARKS No Leaks Found

Leakage Survey By 

Exhibit A

MOORE PIPELINE CORROSION SERVICE

1083 IROQUOIS DR.
MT. STERLING, KY 40353
606-243-7179
606-498-2516

Cathodic Protection - Gas Leak Maintenance

CATHODIC PROTECTION SURVEY REPORT

MR. MATT BOWLING MAIR
LEGACY FARM TOWNHOMES
300 ALSAB CT.
LEXINGTON, KY 40509

CURRENT SUPPLY
Mg. Anode NA
Rectifier _____
RECTIFIER OUTPUT
Terminal Volts NA
Terminal Amps _____

Cathodic protection survey was performed on the site or site: listed below on 7-11-99
for proper protection, a potential of not less than - 850 millivolts to a copper sulphate half cell is required.
(49 CFR 192.457). (CFR 192.465).

SITE 1 LEGACY FARM TOWNHOMES SITE 6 _____
SITE 2 _____ SITE 7 _____
SITE 3 _____ SITE 8 _____
SITE 4 _____ SITE 9 _____
SITE 5 _____ SITE 10 _____

REMARKS STEEL PIPING (RISERS) AND UNDERGROUND COUPLINGS (STEEL)
AT MAIN LINE ARE NOT PROTECTED - ^{ASTM} SLOWLY LINES ARE
TIED TO PLASTIC MAIN WITH STEEL COUPLING - NO TEST WIRES
ON COUPLING -- TESTS AT RISERS SHOW NO PROTECTION - SUR
REMAINING ATTACHED

Corrosion Survey By 

Moore Pipeline	Legacy Farm Townhouses				CPS-GLS-ACS-GVI	
Corrosion Services	Cathodic Protection & Gas Leak Survey					
Legacy Farms Townhouses	07-11-99					
<i>Alexandria Properties Mgt</i>	Dry 85					
Alsab Court.	CPS-GLS	CPS	CPS	CPS	CPS	CPS-GLS
Supplier	0.546					
Master Meter # 1	0.164					
307-305	0.109					
303-301	0.107					
299-297	0.357					
295-293	0.584					
291-289	0.362					
287-285	0.489					
247-245	0.097	Stop Broken				
243-241	0.164					
239-237	0.245	Stop Broken				
235-233	0.131					
231-229	0.127					
227-225	0.441					
223-221	0.297					
219-217	0.131					
215-213	0.214					
211-209	0.387					
207-205	0.186					
203-201	0.578				..	
Gas Co Meter @ 208	0.048					
208	0.539					
206	0.538					
204	0.553					
202	0.571					
Office Gas Co Mtr.	1.299					
Idle Riser at Pool	0.638					
Chant Ct.						

Chant Court	06-11-99					
Supplier						
Master Meter #2						
2600-2602	CGI	INSIDE PATIO FENCE WALL				
2604-2606	CGI	INSIDE PATIO FENCE WALL				
2608-2610	CGI	INSIDE PATIO FENCE WALL				
2612-2614	0.287					
2616-2618	0.460					
2620-2622	0.417					
2624-2626	0.455					
2628-2620	0.528					
2632-2634	0.548					
2636-2638	0.537					
2640-2642	0.504					
2644-2646	0.532					
2648-2650	0.541					
2652-2654	0.523					
2656-2658	CGI	INSIDE PATIO FENCE WALL				
2660-2662	CGI	INSIDE PATIO FENCE WALL				
2664-2666	CGI	INSIDE PATIO FENCE WALL				
2668-2670	CGI	INSIDE PATIO FENCE WALL				
2672-2674	CGI	INSIDE PATIO FENCE WALL				
2702-2704	0.168					
2706-2708	0.285					
2710-2712	CGI	INSIDE PATIO FENCE WALL				
2714-2716	CGI	INSIDE PATIO FENCE WALL				
2718-2720	CGI	INSIDE PATIO FENCE WALL				
2676-2678	0.208					
2680-2682	0.494					
2684-2686	0.528					
2688-2690	0.512					
2692-2694	0.416					
2696	CGI	HEDGE				
2698	CGI	HEDGE				
2700	CGI	HEDGE				
2703-2701	0.441					
2699-2697	0.476					
2695-2693	0.425					
2691-2689	0.419					

