

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

NOV 3 2008

PUBLIC SERVICE
COMMISSION

In the Matter of:

B.T.U. GAS COMPANY, INC.

CASE NO. 2007-00403

Alleged violations of administrative regulation
807 KAR 5:006, 807 KAR 5:022,
807 KAR 5:027 and 49 CFR 191-192

SECOND RESPONSE TO INFORMAL CONFERENCE MEMORANDUM

B.T.U. Gas Company, Inc. files the following information as agreed to during the informal conference held on July 17, 2008:

1. Example of the letter mailed to BTU customers concerning exposed gas lines.
2. Copy of the Public Awareness Program of BTU Gas Company, Inc.
3. Copy of the Operations and Maintenance Manual of BTU Gas Company, Inc.

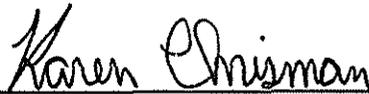


KAREN CHRISMAN
McBrayer, McGinnis, Leslie & Kirkland
Whitaker Bank Building, Suite 300
P.O. Box 1100
Frankfort, Kentucky 40602-1100
(502) 223-1200
Fax 502 227-7385

CERTIFICATE OF SERVICE

I certify the foregoing Second Response to the Informal Conference Memorandum has been served by hand delivery, this the 3rd day of November, 2008 upon the following:

Stephanie Stumbo
Executive Director
P.O. Box 615
Frankfort, KY 40602-0615



KAREN CHRISMAN



.....

P.O. BOX 707
SALYERSVILLE, KY 41465
PHONE: 606-884-2000
FAX: 606-884-2010

BTU GAS COMPANY, INC.

Dear Customer:

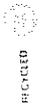
It has been brought to our attention that some of you have exposed lines going from your meter into your home. Even though these lines are the responsibility of you the customer it is our responsibility as your gas company to remind you of the dangers of having exposed lines. If your lines are exposed going into your home please take extra precautions concerning these lines, if at all possible please bury these lines or safeguard them in some manner.

Sincerely



Pam Williams
President

.....
Be Kind To Everyone You Meet!!!



PUBLIC AWARENESS PROGRAM

OF

BTU GAS COMPANY, INC.

The Btu Gas Company, Inc. Public Awareness Program is intended to raise the awareness of the affected public and key stakeholders of the presence of pipelines in their communities and increase their understanding of the role of pipelines in transporting energy. The plan utilizes the key components outlined in American Petroleum Institute API Standard RP1162 to meet the requirements the Pipeline Safety Act of 2002. The plan shall be reviewed and updated each calendar year.

Btu Gas Company, Inc. is required to establish continuing education programs to enable the public, appropriate government organizations, and persons engaged in excavation-related activities to recognize a pipeline emergency and to report it to the operator and/or the fire, police, or other appropriate public officials. Regulations require that Btu Gas Company, Inc. establish and maintain liaison with fire, police, and other appropriate public officials.

The program will help the public understand the steps that the public can take to prevent and respond to pipeline emergencies. Prevention refers to the objective of reducing the occurrences of pipeline emergencies caused by third-party damage (versus other causes under the control of the operator) through awareness of safe excavation practices and the use of the One-Call system. Response refers to the objective of communicating to the public the appropriate steps to take into account in the event of a pipeline release or emergency.

Btu Gas Company, Inc. provides safe and reliable Natural Gas Service to the customers in our service area by utilizing safe operational practices with trained and knowledgeable operating personnel. Btu Gas Company, Inc. is concerned for the safety of the public and the environmental impact of an uncontrolled release of natural gas. In an effort to enhance public awareness of our system, we have developed this Public Awareness plan.

The four intended "Stakeholder Audiences" include:

- The Affected Public
- Emergency Officials
- Local Public Officials
- Excavators

The Public Awareness program will communicate relevant information to the following stakeholder audiences:

The Affected Public

- Awareness that they live or work near a pipeline
- Hazards associated with unintended releases
- An overview of what operators do to prevent accidents and mitigate the consequences of accidents when they occur
- How to recognize and respond to a pipeline emergency
- What protective actions to take in the unlikely event of a pipeline release
- How to notify the pipeline operator regarding questions, concerns, or emergencies
- How to assist in preventing pipeline emergencies by following safe excavation/digging practices and reporting unauthorized digging or suspicious activity
- How community decisions about land use may affect community safety along the pipeline ROW
- How individuals can create undesirable encroachments upon a pipeline ROW.
- How to contact the pipeline operator with questions or comments about public safety.

Local Public Officials

- Information regarding pipelines that cross their area of jurisdiction
- Land use practices associated with the pipeline ROW that may affect community safety
- Hazards associated with unintended releases
- An overview of what operators do to prevent accidents and mitigate the consequences of accidents when they occur
- How to contact the pipeline operators with questions or comments about public safety.

Emergency Officials

- Location of pipelines that cross their area of jurisdiction, and how to get detailed information regarding those pipelines
- Name of the pipeline operator and the emergency contact information for each pipeline
- Information about the potential hazards of the subject pipeline
- Location of emergency response plans with respect to the subject pipelines
- How to notify the pipeline operator regarding questions, concerns, or emergency
- How to safely respond to a pipeline emergency

- An overview of what operators do to prevent accidents and mitigate the consequences of accidents when they occur
- How to contact the pipeline operator with questions or comments about public safety.

Excavators

- Awareness that digging and excavating along the ROW may affect public safety, pipeline safety and/or pipeline operations
- Information about One-Call requirements and damage prevention requirements in that jurisdiction
- Information about safe excavation practices in association with underground utilities
- How to notify the operator regarding a pipeline emergency or damage to a pipeline.
- Hazards associated with unintended releases
- Name of the pipeline operator and who to contact for emergency or non-emergency information.

Targeted Distribution, Brochures, Flyers, Pamphlets, Leaflets

The most common message delivery mechanism currently used is printed materials that convey important information about Btu Gas Company, Inc. the industry, pipeline safety, or a proposed project or maintenance activity. They provide contact information where the recipient can obtain further information.

Btu Gas Company, Inc. will join with other pipeline companies in a local, regional or national setting to produce "common message" materials that can be either jointly sponsored. Btu Gas Company, Inc. is a member of the Kentucky Gas Association and Kentucky Underground Protection Inc. Print materials, in the form of targeted mailers or mass mailers can be mailed to landowners or communities along the pipeline system or handed out at local community fairs, open houses, or other public forums.

Research has indicated that letters mailed to landowners along a pipeline system are one of the most effective tools to communicate specific information such as what to do in the event of a leak, identification of suspicious activity or notification of planned activities within the right-of-way.

Bill Stuffers

Bill stuffers are printed brochures used to convey public awareness and damage prevention programs.

E-mail

E-mail contact information can be provided on company handouts, magazine advertisements, websites and other written communications. This provides an effective

mechanism for the public to request specific information or to be placed on distributions lists for specific updates.

Mass Media Communication

Public Service Announcements (PSAs)

Radio and television stations occasionally make airtime available for public service announcements. Btu Gas Company, Inc. will consider contacting local stations to encourage their use of the PSAs. The use of cable TV public access channels may also be an option.

Newspapers and Magazines

Paid Advertising

The use of paid advertising media such as television ads, radio spots, newspapers ads, and billboards can be an effective means of communication with an entire community.

Specialty Advertising Material

Company specialty advertising can be a unique and effective method to introduce a company or maintain an existing presence in a community. These tools also provide ways of delivering pipeline safety messages, project information, important phone numbers and other contact information. Many such materials or items exist, including refrigerator magnets, calendars, day planners, thermometers, key chains, flashlights, hats, jackets, shirts, clocks, wallet cards, and other such items containing a short message (i.e. "call before you dig"), Btu Gas Company, Inc. logo and/or contact information. The main benefit of this type of advertising is that it tends to have a longer retention life than printed materials because it is otherwise useful to the recipient. Because of the limited amount of information that can be printed on these items, they should be used as a companion to additional printed materials or other delivery methods.

One- Call Center Outreach

One-Call center provide community outreach or implement public awareness activities about the One-Call requirements and the Dig Safely awareness messages. Btu Gas Company, Inc. encourages One-Call center to provide those public awareness communications.

Message Type and Content

Btu Gas Company, Inc. recognizes that the communications and public awareness needs and activities may vary. Btu Gas Company, Inc. may customize their programs to best suit the needs of the target audiences and make them relevant to the type of potential hazards posed to the pipeline systems. Supplemental efforts affecting the frequency or method of message delivery and/or message content are called for, by evaluating the effectiveness of the program.

Program Record Keeping

To demonstrate the level of implementation of its Public Awareness Program, record keeping should include:

- A. Lists, records or other documentation of stakeholder audiences with whom the operator has communicated.
- B. Copies of all materials provided to each stakeholder audiences.
- C. All program evaluations, including current results, follow-up actions and expected results.

Record Retention

The record retention period for each category should be a minimum of five (5) years.

Survey to Evaluation Effectiveness

A survey is designed to reach a random number of the targeted stakeholder audience. Mail surveys might be sent to all in a census tract, all in a zip code, or sub-zip code area. Btu Gas Company, Inc. may:

- Develop and conduct a survey on its own system using internal or external expertise,
- Select a survey format designed by external parties or an industry association,
- Adapt surveys designed by others and conduct on its own systems, or
- Join with others in a regional survey

Implement Continuous Improvement

Determine program changes or modifications based on results of the evaluation to improve effectiveness. Program changes may be areas such as: audience, message

type or content, delivery frequency, delivery method, supplemental activities or other program enhancements.

- Document program changes.
- Determine future funding and internal and external resource requirements resulting from program changes made.
- Implement changes.

Btu Gas Company, Inc. will use one of the following three alternative methodologies when completing an annual audit of program implementation.

- Internal self-assessments using, for example, an internal working group;
- Third-party audits where the evaluation is undertaken by a third-party engaged to conduct an assessment and provide recommendations for improving the program design or implementation; or
- Regulatory inspections, undertaken by inspectors working for federal or state regulators who inspect operator pipeline programs subject to pipeline safety regulations.



RECYCLED

OPERATIONS

AND

MAINTENANCE

MANUEL

BTU GAS COMPANY, INC.

TO ALL EMPLOYEES AND/OR CONTRACTORS OF AND FOR B.T.U. GAS COMPANY

INTRODUCTION:

This Manual sets out the operations and maintenance plan and policies of this company. Each employee must read this initially, and then maintain the manual for ready reference at all times as he or she performs his or her job assignment. Although some sections of this manual are not applicable to everyone, all employees are charged with the responsibility of guarding against improper maintenance or operational procedures. So, each employee must familiarize themselves with the contents of this manual, and then contact the proper personnel if conditions arise which seem to be out of compliance with any policy and procedure set out herein.

- I. Instructions as to procedures which must be followed during normal operations and while making repairs:

- (A) Must always monitor the line and/or lines

No matter what job is being done in the area of pipelines always be aware of the pipelines. Take notice of the area along and around the pipeline. Even when driving home always notice the smell in the air for a gas leak.

- II. Instructions as to procedures which must be followed during an emergency:

When someone and/or a customer is unsure of their self caused emergency and it is after hours they will sometimes call 911 who in turn calls our 24 hour number, informs us of the situation and we will dispatch out who and what is needed for the situation.

- (A). As soon as an employee becomes aware of an emergency situation, as that particular employee perceives the situation, the employee must contact immediately:

Richard and/or Pam Williams:	606-884-2000 (24 hour number)
Cell number:	606-496-5652
Richard and/or Pam Williams:	606-884-7586 (home)
Gas company office:	606-884-2000
911	

Details to be transmitted to the above people are:

1. Exact location of the emergency situation;
2. Nature of the emergency;
3. Whether the public safety may be jeopardized by the situation.

- (A). 1. If the situation does not jeopardize persons or property, Richard Williams will make a determination as to the extent of the emergency presented by the situation and will direct employees as to proper procedures in each situation. Whatever the situation is will then be repaired.

- (B). 2. If the situation does pose an immediate risk to persons or property, then

everyone involved will follow the Emergency Plan and the proper emergency personnel should be notified. Depending on the situation the proper steps will be followed and repairs made.

III. Patrolling:

Patrolling of our gas lines must be continuously on the mind of each employee as he or she performs his or her daily job assignments. Employees should especially note areas where mains are located in places or on structures where anticipated physical movement or external loading (weight, traffic) could cause failure or leakage. These areas include: pipe located under roads, areas susceptible to earth subsidence or an area of construction activity and above ground pipe. Each employee should make a notation in writing as to any factor observed which might affect safe operation and should report same to the supervisor immediately. Scheduled patrolling will be performed once each month. The supervisor will make the assignment as to schedule patrolling and a record must be completed and filed. Our system is patrolled every month when we read the meters.

IV. Leakage Surveys:

A. Residential Pipeline System

A leakage survey will be conducted once each year in the residential area served by B.T.U. Gas Company. The superintendent will assign this task and provide the employee with leak detection equipment and the employee will fill out a report of any findings.

IN GENERAL:

If a leak is discovered which presents a hazardous situation, the employee should refer to the Emergency Plan for steps to take. If the leak is a non-hazardous situation the employee will make the call to get the leak repaired.

V. Continuing Surveillance:

- a. The superintendent and employees will continuously familiarize themselves with conditions along the pipeline and take appropriate action concerning changes in class location, failure, leakage history, corrosion, substantial changes in operating and maintenance conditions.
- b. If a segment of pipeline is determined to be in unsatisfactory condition but no immediate hazard exists; arrangements will be made to replace this section of pipeline through several determinations.

VI. Testing for Reinstating Service Line:

Each disconnected service line must be tested before service is reinstated in the same manner as a new service line. The test pressure for an installed plastic pipe must be 70 psig, whichever is greater. However, the test pressure

may not be more than three times the design pressure of the pipe. For metallic pipe, mains to be operated at less than 1 psig should be tested to at least 10 psig. Mains to be operated at above 1 psig must be tested to at least 10 psig. Service lines to be operated at 1 psig but not more than 40 psig must be given a leak test at a pressure of not less than 50 psig.

VII. Abandonment of Facilities:

- A. When a gas main or service line is abandoned, it must be physically dis-connected from the piping system and the open ends capped. Pipe 4" and larger must be purged.

In cases where the main together with all the service lines connected to it are abandoned, the service lines must be capped at the customer's end. Also, the abandoned main must be sealed at both ends.

- B. Records must be kept of all facilities abandoned, including as follows:

1. location
2. date
3. method of discontinuing service

- C. When service to a customer is temporarily or permanently disconnected, one of the following must be done.

1. The valve must be closed to prevent the flow of gas to the customer. This valve must be secured with a lock or some other device to prevent opening of the valve by unauthorized people. There are numerous locking devices designed for this purpose. A complete lock-off of the gas flow from the meter will prevent opening of the shut off valve by unauthorized people.
2. A mechanical device or fitting that will prevent the flow of gas must be installed in the service line or in the meter assembly.
3. The customer's piping must be physically disconnected from the gas supply and the open ends are sealed.

VIII. Accidental Ignition of Gas:

Each employee must be constantly aware of the danger of gas explosion. Gas alone is not explosive, but when it is mixed with air, it can ignite or explode with tremendous force. Every precaution must be taken to prevent unintentional ignition of gas. When venting gas into air, a fire extinguisher must be available. If gas is accidentally ignited immediately shut your gas supply off.

IX. Key Valves Maintenance:

Key valves will be checked annually and records must be kept of the inspections. Key valves are the valves needed to shut down the system, or part of the system, in case of emergency.

X. Leak Repairs: (Construction):

Only maintenance personnel with training and experience will attempt repair of gas leaks or replacements of gas lines. If such personnel are not available, qualified outside contractors will be hired.

Leaks in service lines or mains may be repaired by cutting out a short length of pipe containing the leak. Replace it with a new segment of pipe. The pipe segment is attached to the existing line with couplings at each end. Compression couplings are commonly used for this purpose. The proper procedure can be obtained from the manufacturer of the coupling. These repairs are only made once the gas supply has been stopped from flowing through the damaged section of pipe. Once repaired and tested, gradually the gas will be turned back into this section of line or main.

Small leaks in steel service lines or mains, such as those resulting from corrosion pitting, may be repaired with a steel band clamp applied directly over the leak. All bare metal pipe and fitting installed below ground must then be properly coated and cathodically protected before backfilling.

After a leak has been repaired with a coupling or a clamp, a soap bubble test must be conducted. Replaced main and services must be pressure tested for leaks.

Again, it should be emphasized that all sources of ignition should be kept away from the leak repair area. **MATCHES OR LIGHTERS SHOULD NEVER BE USED TO DETECT A GAS LEAK OR TO TEST THE ADEQUACY OF A REPAIR JOB. A SPRAY BOTTLE OF SOAPY WATER WORKS THE BEST WITH NO DANGER!!**