

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CITY OF DRAKESBORO D/B/A DRAKESBORO)
NATURAL GAS COMPANY - ELECTRONIC)
INVESTIGATION OF ALLEGED FAILURE TO) CASE NO. 2019-00065
COMPLY WITH KRS 278.495, 807 KAR 5:027,)
AND 49 C.F.R. PART 192)

NOTICE OF FILING

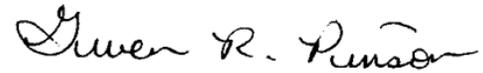
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on November 15, 2019 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on November 15, 2019 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 November 15, 2019.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been 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 https://youtu.be/n2KW_xJbJ7w.

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

Done at Frankfort, Kentucky, this 22nd day of January 2020.



Gwen R. Pinson
Executive Director
Public Service Commission of Kentucky

Drakesboro Natural Gas Co.
212 Mose Rager Boulevard
P. O. Box 129
Drakesboro, KY 42337

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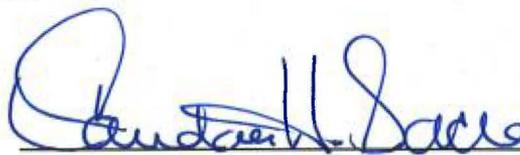
CERTIFICATION

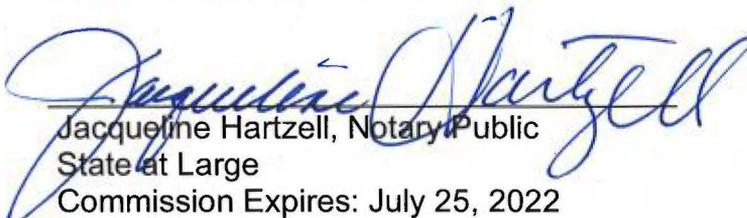
I, Candace H. Sacre, hereby certify that:

1. The attached DVD contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on November 15, 2019. The Formal Hearing Log, Exhibit List, and Exhibits are included with the recording on November 15, 2019;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of November 15, 2019; and
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of November 15, 2019, and the time at which each occurred.

Signed this 21st day of January, 2020.




Candace H. Sacre
Administrative Specialist III


Jacqueline Hartzell, Notary Public
State at Large
Commission Expires: July 25, 2022
ID#: 605476



City of Drakesboro d/b/a Drakesboro Natural Gas Company (Drakesboro)

| Date: | Type: | Location: | Department: |
|------------|--------------------------------|----------------|-----------------------|
| 11/15/2019 | Public Hearing\Public Comments | Hearing Room 1 | Hearing Room 1 (HR 1) |

Witness: Melissa Holbrook; Mike Jones; Shawn Martin
 Judge: Robert Cicero; Talina Mathews; Michael Schmitt
 Clerk: Candace Sacre

| Event Time | Log Event | |
|--------------------------|--|--|
| 9:02:03 AM | Session Started | |
| 9:02:04 AM | Chairman Schmitt Note: Sacre, Candace | We are now on the record. This is the Kentucky Public Service Commission. My name is Michael Schmitt, Chairman of the Commission. Seated to my right is Vice Chairman Robert Cicero and, to my left, Dr. Talina Mathews. |
| 9:02:20 AM | Chairman Schmitt Note: Sacre, Candace | The subject of the hearing today is Case No. 2019-00065, City of Drakesboro d/b/a Drakesboro Natural Gas Company, alleged failure to comply with KRS 278.495, Kentucky Administrative Regulation 5:027, and 49 Code of Federal Regulations Part 192. |
| 9:02:49 AM 9:03:18 AM | Chairman Schmitt Chairman Schmitt Note: Harrod, Anthony | The purpose of this hearing is to complete all evidence needed to ultimately brief this case, the parties to brief, and the Commission to decide this case. I understand also there is a Motion pending by the City of Drakesboro to modify its filing obligations under the Commission's March Order. |
| 9:03:42 AM | Chairman Schmitt Note: Sacre, Candace | At this time, would counsel for Drakesboro please identify himself, his client, and those with him here today? |
| 9:03:50 AM | Atty Driskill Drakesboro Note: Sacre, Candace | Judge, I'm Ryan Driskill, counsel of record. I'm here with the City of Drakesboro. Mike Jones is the representative for the City of Drakesboro, and those are all of representatives today. |
| 9:04:01 AM | Chairman Schmitt Note: Sacre, Candace | We've put on evidence, and, Mr. Driskill, I know you have. I understand Mr. Martin is here. Do you have any other witness you're going to put on? |
| 9:04:12 AM | Staff Atty Park PSC Note: Sacre, Candace | Yes, Chairman, we are going to put on Melissa Holbrook, Commission Division of Inspections Inspector. |
| 9:04:20 AM 9:04:33 AM | Chairman Schmitt Atty Driskill Drakesboro Note: Sacre, Candace | We'll make that decision in a second. |
| 9:04:37 AM | Chairman Schmitt Note: Sacre, Candace | For PSC Division of Inspections, Counsel, would you identify yourself and your client? |
| 9:04:42 AM | Staff Atty Park PSC Note: Sacre, Candace | Yes, John Park. With me today is Melissa Holbrook from the Division of Inspections. We also intend to call Mr. Shawn Martin. |

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| 9:04:51 AM | Chairman Schmitt Note: Sacre, Candace | Mr. Driskill has a Motion we could consider now or delay, but if there's no reason to delay it, his motion is to modify the biweekly filing obligations that are contained in the Order. I think it's the March Order. I didn't see a response from Division of Inspections. |
| 9:05:18 AM | Chairman Schmitt Note: Sacre, Candace | Mr. Park, does the Division have any objection to the Motion? |
| 9:05:21 AM | Staff Atty Park PSC Note: Sacre, Candace | We intend to present some evidence on that. We don't have an objection to a modification of the filing requirements. We would like some of the tests that the status reports cover to continue to be performed and records kept subject to inspection when we request it, But, as far as the biweekly filing requirement, we do think that can be eliminated. |
| 9:05:44 AM | Chairman Schmitt Note: Sacre, Candace | Mr. Driskill? |
| 9:05:46 AM | Atty Driskill Drakesboro Note: Sacre, Candace | Yeah, we're fine with continuing the reporting. Just we were hoping for a little bit different intervals, a bit longer between. |
| 9:05:54 AM | Chairman Schmitt Note: Sacre, Candace | When we get through, Mr. Driskill, remind us to address that, and then you all might be able to discuss it or, at least, we can present an argument here in front of us, however you'd like to do it, or wait and pass a ruling to the merits in the end. But I understand there apparently is no objection to modifying the obligation, but there are some other qualifications, so we'll get to that. |
| 9:06:26 AM | Chairman Schmitt Note: Sacre, Candace | Is there anything else, Mr. Driskill, that you think the Commission needs to consider before Mr. Park puts on his witness? |
| 9:06:35 AM | Atty Driskill Drakesboro Note: Sacre, Candace | Judge, the only witness we would have, probably, is Mr. Jones, and we will talk about maybe some - it depends on what his testimony is, and then we will make that decision at that point. |
| 9:06:44 AM | Chairman Schmitt Note: Sacre, Candace | Mr. Park, you may call your first witness. |
| 9:06:47 AM | Staff Atty Park PSC Note: Sacre, Candace | The Division of Inspections calls Melissa Holbrook. |
| 9:07:02 AM | Chairman Schmitt Note: Sacre, Candace | Witness is sworn. |
| 9:07:11 AM | Chairman Schmitt Note: Sacre, Candace | Counsel, you may ask. |
| 9:07:14 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Direct Examination. Has your employment position as Gas Inspector for the Kentucky Public Service Commission Division of Inspections changed since the last hearing in June? |
| 9:07:27 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | The Chairman referred to the opening of this case in February, and at that point, you had conducted an inspection of the City of Drakesboro's gas system and cited the City for 35 violations of minimum pipeline safety standards, is that correct? |
| 9:07:44 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | And you conducted an inspection of the City's system on June 14, 2019, is that correct? |
| 9:07:52 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | In your inspection report, you note that the City had cured or fixed all but 12 of the 35 violations, is that correct? |

9:08:00 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace So, as of your June 14 inspections, there were 12 outstanding violations remaining. You also made a recommendation report that Drakesboro contract with a trained and qualified specialist to assess the pipeline system for corrosion of the rectifiers and the cathodic protection, is that correct?

9:08:22 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace Have you, since the June 14, 2019, inspection performed another inspection of the system?

9:08:32 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace What did you review as part of your inspection on August 22nd?

9:08:40 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace Did you prepare a report based upon your inspection on August 22nd?

9:08:44 AM Staff Atty Park PSC
Note: Sacre, Candace May I approach, Your Honor?

9:08:46 AM Chairman Schmitt
Note: Sacre, Candace Yes, you may.

9:09:15 AM Chairman Schmitt
Note: Sacre, Candace Mr. Driskill, have you seen this report?

9:09:17 AM Atty Driskill Drakesboro
Note: Sacre, Candace Yes, sir.

9:09:20 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace Ms. Holbrook, would you please identify this report for the record?

9:09:34 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace Division of Inspections offers this document as PSC Exhibit 1.

9:09:39 AM Chairman Schmitt
Note: Sacre, Candace Any objection, Mr. Driskill?

9:09:41 AM Atty Driskill Drakesboro
Note: Sacre, Candace No, sir.

9:09:42 AM Chairman Schmitt
Note: Sacre, Candace Sustained.

9:09:42 AM PSC EXHIBIT 1.
Note: Sacre, Candace STAFF ATTY PARK PSC - WITNESS HOLBROOK.
Note: Sacre, Candace INSPECTION REPORT DRAKESBORO 10-23-2019.

9:09:43 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace Based upon your inspection, did you find that Drakesboro had cleared the remaining 12 deficiencies?

9:09:50 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace We'll run through them real quickly, referencing each violation by the number in which it appears in the Initiating Order as well as your initial inspection.

9:09:55 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace Violation No. 8, Drakesboro had not provided training for supervisory personnel who will determine whether an employee must be drug tested based on reasonable cause. Has the City addressed that?

9:10:17 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace Violation 13, Drakesboro has not submitted annual reports as required by 49 CFR 191.

9:10:28 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace Violation 14, Drakesboro has not sent the customer notification required by 49 CFR 192.16.

9:10:43 AM Staff Atty Park PSC - witness Holbrook
Note: Sacre, Candace Similarly, No. 15, Drakesboro had not sent public awareness messages as required by 192.616.

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| 9:10:55 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Violation 21, Drakesboro has not conducted patrolling of its distribution mains as required by 49 CFR 192.721 since 2017. Has that been cured? |
| 9:11:07 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Violation No. 22, Drakesboro has not conducted regulator/relief valve inspections as required by 49 CFR 192.739. Have those been performed? |
| 9:11:33 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Violation 26, Drakesboro has not conducted atmospheric corrosion inspections as required by 49 CFR 192.481. |
| 9:11:47 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Violation No. 27, Drakesboro's pipeline markers do not meet the requirements of 49 CFR 192.707. |
| 9:12:06 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Violation No. 29, Drakesboro did not properly repair a damaged plastic main on Wyatt's Chapel Road as required by 49 CFR 192.311. |
| 9:12:26 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Violation No. 32, Drakesboro has not offered excess flow valves to existing customers as required by 49 CFR 192.383. |
| 9:12:40 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Violation 34, Drakesboro has failed to maintain for the useful life of each pipeline records of each test performed under 49 CFR Subpart J. |
| 9:13:02 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Violation No. 35, Drakesboro has failed to keep adequate records of the procedures to respond to and repair leaking pipes. |
| 9:13:31 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Did the City follow the recommendation in your June report with respect to assessing whether the system is subject to corrosion in cathodic protection as well as the regulator and rectifier inspection? |
| 9:14:12 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | And the Chairman discussed the bi-weekly status reports that have been filed, Has there been anything in the reports that has caused DOI concern? |
| 9:14:28 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Is it your position that it would be acceptable for the City not to file those reports on a bi-weekly basis but to maintain records of the tests they were required to do? |
| 9:14:41 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Under federal regulation, a sniff test is required how frequently? |
| 9:14:47 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | What is your recommendation? |
| 9:14:58 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | And maintain records for review by Commission Staff? |
| 9:15:07 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Based upon your inspections of the system, is it your opinion that the system is being operated presently in accordance or consistently with minimum pipeline safety standards? |
| 9:15:19 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Based upon our inspections of the system and the status reports and all the other information you have reviewed, what do you think is the biggest challenge facing the long-term safety of the system? |
| 9:15:55 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | And this is the main metal pipeline, the main distribution? |

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| 9:16:18 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | We will get into details on that with Mr. Martin based upon the inspection reports. In your opinion, do you think the City of Drakesboro currently has the in-house capabilities to operate this system consistently with federal pipeline safety standards? |
| 9:16:40 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | In your opinion, do you think the third-party management contract is still necessary for the foreseeable future until the City establishes the capabilities to operate the system on its own? |
| 9:16:54 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Do you have any other recommendations for this system on a going-forward basis? |
| 9:17:22 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | Is an annual leakage survey on the entire system more frequently than is required? |
| 9:17:37 AM | Staff Atty Park PSC - witness Holbrook Note: Sacre, Candace | When you say unknown issues, is that because it's unknown how long the metal pipe has not been protected from corrosion? |
| 9:17:51 AM | Staff Atty Park PSC Note: Sacre, Candace | I have no further questions, |
| 9:17:54 AM | Chairman Schmitt Note: Sacre, Candace | Commissioner Cicero, any questions? |
| 9:17:56 AM | Vice Chairman Cicero Note: Sacre, Candace | I don't have any questions. |
| 9:17:58 AM | Chairman Schmitt Note: Sacre, Candace | Commissioner Mathews? |
| 9:17:59 AM | Commissioner Mathews Note: Sacre, Candace | I don't have any questions. |
| 9:18:03 AM | Chairman Schmitt Note: Sacre, Candace | I have no questions. Mr. Driskill? |
| 9:18:05 AM | Atty Driskill Drakesboro - witness Holbrook Note: Sacre, Candace | Cross Examination. Ms. Holbrook, do you have any direct knowledge of corrosion on the pipeline? |
| 9:18:19 AM | Atty Driskill Drakesboro - witness Holbrook Note: Sacre, Candace | Have you talked to Shawn about any of the condition of the corrosion? |
| 9:18:27 AM | Atty Driskill Drakesboro - witness Holbrook Note: Sacre, Candace | What does the City need to do in order to get qualified to not use a third-party contractor? |
| 9:18:55 AM | Atty Driskill Drakesboro - witness Holbrook Note: Sacre, Candace | Is it your opinion that he's doing an adequate job at the moment? |
| 9:19:04 AM | Atty Driskill Drakesboro Note: Sacre, Candace | Those are all my questions. Thank you. |
| 9:19:06 AM | Chairman Schmitt Note: Sacre, Candace | May this witness be excused? |
| 9:19:08 AM | Staff Atty Park PSC Note: Sacre, Candace | Yes, sir. |
| 9:19:09 AM | Chairman Schmitt Note: Sacre, Candace | You may step down, Ms. Holbrook. |
| 9:19:12 AM | Chairman Schmitt Note: Sacre, Candace | Call your next witness, Mr. Park. |
| 9:19:14 AM | Staff Atty Park PSC Note: Sacre, Candace | The Division of Inspections calls Mr. Shawn Martin. |
| 9:19:24 AM | Chairman Schmitt Note: Sacre, Candace | Witness is sworn |

9:19:41 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Direct Examination. Please state your name and business address for the record.

9:19:42 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace What is your role in connection with RussMar?

9:19:47 AM Staff Atty Park PSC - witness Martin
Note: Sacre, Candace RussMar Management?

9:19:50 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace What is your connection or role with Martin Contracting?

9:19:58 AM Staff Atty Park PSC- witness Martin

9:20:06 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace What is the term of that contract? What's the remaining term?

9:20:12 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Just generally, what services has RussMar been performing for the City?

9:20:39 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Is the City current with its invoices as far as payments due under the contract?

9:20:57 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace RussMar is satisfied with its current system?

9:21:01 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace What is Martin Contracting's role?

9:21:29 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Ms. Holbrook testified that, in her opinion, the Drakesboro system is operating, presently operating, consistently with federal pipeline safety standards. Do you agree with that opinion?

9:21:44 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace In connection with RussMar's work for the City of Drakesoboro, did RussMar perform or cause to be performed regulator and relief valve inspections?

9:21:59 AM Staff Atty Park PSC
Note: Sacre, Candace May I approach, Your Honor?

9:22:00 AM Chairman Schmitt
Note: Sacre, Candace Yes, you may.

9:22:37 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Could you please identify for the record what this document is?

9:22:49 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace I'm going to go through them real quickly and have you explain what the results mean.

9:22:58 AM Staff Atty Park PSC - witness Martin
Note: Sacre, Candace First, looking at the Inspection Reports, the inspections were performed by B. Coyle and Danny Shelley, is that correct?

9:23:07 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Are they employees of RussMar?

9:23:10 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Who are they?

9:23:27 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace The first Inspection Reports are of the Union Ridge Bottom Run and Top Run. What does Bottom Run and Top Run mean?

9:23:57 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace On both the Bottom Run and the Top Run, the model of regulator is the Equimeter 141. The report says that these are no longer available, they're obsolete, and no spare parts are available. Is that correct?

9:24:19 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace The reports indicate that because there are no spare parts available the inspectors could not take the regulators apart; they had to just do a visual inspection. Is that correct?

9:24:30 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And the inspectors recommended that these regulators be replaced with more modern regulators, is that correct?

9:24:37 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Can you give the Commission an approximate cost of putting in a new regulator?

9:24:57 AM Staff Atty Park PSC - witness Martin
Note: Sacre, Candace Per station?

9:25:05 AM Staff Atty Park PSC - witness Martin
Note: Sacre, Candace And the reconfiguration?

9:25:06 AM Chairman Schmitt - witness Martin
Note: Sacre, Candace Examination. Is that a total cost or per regulator?

9:25:11 AM Staff Atty Park PSC - witness Martin
Note: Sacre, Candace Direct Examination (cont'd). Per station?

9:25:34 AM Chairman Schmitt - witness Martin
Note: Sacre, Candace Examination. How many are there? Regulator stations?

9:26:01 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Direct Examination (cont'd). Looking at the Inspection Reports, and you mentioned the purchase stations, so I'll jump to those real quickly. I believe those are the last reports in this document, and the reports indicate that they are working properly but they need a maintenance; they hadn't been attended to there.

9:26:24 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Now, I'm going to go back to the Tobacco Shack Regulator Station, which is page three of this document, and, again, it indicates that this station has Equimeter 141-2 regulator and that this regulator is obsolete and needs to be replaced. Is that accurate?

9:26:45 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Would the cost estimate for replacing/reconfiguring this also be approximately \$25,000?

9:27:01 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace The next station is the Mill Pond Road Station. It also has Equimeter 141-2 regulator, which is obsolete, and is this a small station, and what would be involved as far as cost to fix this one?

9:27:41 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace So it could be redundant or possibly not needed if the Purchase Station regulator station -

9:27:48 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And you indicated it's a smaller; that's the one-inch body size?

9:27:56 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace The next report is for the Benton Dump Regulator Station. Again, it has the Equimeter 141- type meter, obsolete meter, that needs to be replaced. This Benton Dump Regulator Station is the two-inch, it looks like, so do you have a cost estimate on this one?

9:28:24 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace The next one is the regulator station, Old National Bank Station. The Inspection Report indicates it's working properly, needed some maintenance, is that accurate?

9:28:36 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And we have touched on the Purchase Station regulator station.

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| 9:28:41 AM | Staff Atty Park PSC Note: Sacre, Candace | At this point, I'd like to offer this document into evidence as PSC Exhibit 2. |
| 9:28:46 AM | Chairman Schmitt Note: Sacre, Candace | Any objection, Mr. Driskill? |
| 9:28:48 AM | Atty Driskill Drakesboro Note: Sacre, Candace | No, sir. |
| 9:28:49 AM | Chairman Schmitt Note: Sacre, Candace | Sustained. |
| 9:28:50 AM | PSC EXHIBIT 2. Note: Sacre, Candace Note: Sacre, Candace | STAFF ATTY PARK PSC - WITNESS MARTIN. REGULATOR AND RELIEF VALVE INSPECTION REPORTS 8/19/2019. |
| 9:28:54 AM | Staff Atty Park PSC- witness Martin Note: Sacre, Candace | In connection with RussMar's work for the City of Drakesboro, did RussMar perform or cause to be performed a cathodic protection troubleshooting report? |
| 9:29:06 AM | Staff Atty Park PSC Note: Sacre, Candace | May I approach, Your Honor? |
| 9:29:07 AM | Chairman Schmitt Note: Sacre, Candace | Yes, you may. |
| 9:29:40 AM | PSC EXHIBIT 3. Note: Sacre, Candace Note: Sacre, Candace | STAFF ATTY PARK PSC - WITNESS MARTIN. CATHODIC PROTECTION TROUBLESHOOTING REPORT. |
| 9:29:43 AM | Staff Atty Park PSC- witness Martin Note: Sacre, Candace | This report was prepared by Mark McGuire. Is he an employee of RussMar or an independent contractor? |
| 9:29:58 AM | Staff Atty Park PSC- witness Martin Note: Sacre, Candace | And what was the purpose of this report? |
| 9:30:14 AM | Staff Atty Park PSC- witness Martin Note: Sacre, Candace | Was the first step in this to perform pipe-to-soil readings? |
| 9:30:26 AM | Staff Atty Park PSC- witness Martin Note: Sacre, Candace | I guess, let me back up because I'm not a scientist or an electrician or a chemist. Cathodic protection is not something I'm particularly familiar with. Just in general, can you describe the cathodic protection that is currently in place on the Drakesboro system? |
| 9:31:11 AM | Staff Atty Park PSC- witness Martin Note: Sacre, Candace | Just in my layman's understanding, a current is put on the metal pipe, the current goes in one direction, lines up the metal, somehow the polarity of the metal, to discourage corrosion? |
| 9:31:24 AM | Staff Atty Park PSC- witness Martin Note: Sacre, Candace | So, if there's not sufficient enough current, you're going to lose that protection? |
| 9:31:44 AM | Staff Atty Park PSC- witness Martin Note: Sacre, Candace | And the report indicates that the inspection of the rectifier revealed that the voltage was adequate, but the amperage was inadequate. That there's a problem with the rectifier, itself? |
| 9:32:00 AM | Staff Atty Park PSC- witness Martin Note: Sacre, Candace | As far as checking the pipe-to-soil readings, the report indicates that the road crossings were focused on, the junction lines, and there was a sampling of consumer taps, is that correct? |
| 9:32:15 AM | Staff Atty Park PSC- witness Martin Note: Sacre, Candace | And what were the pipe-to-soil readings that were determined? |
| 9:32:27 AM | Staff Atty Park PSC- witness Martin Note: Sacre, Candace | Point-85, negative .85, is the standard? |

9:32:30 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And, if it's not registering that, it's not providing the sufficient protection?

9:32:38 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace What is the purpose of a ground bed?

9:32:58 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Sort of a sacrificial or -

9:33:11 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace As part of this inspection, the ground bed was located, is that accurate?

9:33:17 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace There could be, conceivably, multiple, or is that -

9:33:43 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace The report indicates that the ground bed is too close in proximity to the metal main, is that accurate?

9:33:50 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And what is the concern about that? Does that affect the cathodic protection provided?

9:34:14 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace I'm going to move on to the recommendations. The report says the main line will need to be isolated, and why is that?

9:34:43 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And the report says, to isolate the main, all mains crossing roads will need to be replaced with new spacers in seals along with four-wire test stations at the vent pipes. Could you explain what that means? Does that mean wherever it crosses the road the pipe has to be replaced?

9:36:01 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Both those areas?

9:36:09 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And these are all road crossings junction lines. What are junction lines?

9:36:51 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And that's why you need to isolate the junction lines?

9:36:58 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace The report recommends that new valves be installed with the four-wire stations, and meters will need to be insulated with spuds installed. What's involved with that?

9:37:34 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace So it's just to prevent the current from being -

9:37:46 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Once the main is isolated and can be tested, the report indicates that the testing can better determine the size of the ground bed and rectifier that will be needed to provide the appropriate cathodic protection required for the system. Do you anticipate the rectifier will need to be replaced?

9:38:09 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And you indicated ground beds are typically replaced. This one is too close to the main, so I assume it's going to need to be replaced?

9:38:24 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And do you anticipate there will be a need for a second rectifier and ground station?

9:38:31 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Has RussMar inspected or caused to be inspected the metal pipe for corrosion, other than where the pipe is dug up?

9:39:00 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace On the main?

9:39:19 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace On those two occasions, what was the condition of the pipe you did look at?

9:39:27 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace But that was the extent of the inspection?

9:39:39 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace So on a going-forward basis, long term for this infrastructure, what are the City's options? Fix the cathodic protection for the metal pipe or replace the pipe, are those -

9:40:05 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace What has been your involvement in assessing these different options, or what is being done to consider how to address this long-term problem?

9:40:42 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And what is the name of the engineering firm, if you know?

9:40:51 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Do you know who the City has been dealing with at Abacus?

9:41:01 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Is this engineering firm looking at both the options you mentioned, both the replacing the metal pipe as well as fixing the cathodic protection?

9:41:37 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Ultimately, that will have to be done, in any event?

9:41:44 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Is the engineering firm looking into, for the City, doing this project in phases, addressing the worst problems first?

9:42:28 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace You have mentioned funding agent. What did you mean by a funding agent?

9:42:56 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace And they are pursuing a grant for the pipe replacement?

9:43:00 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Do you know what the status of that is?

9:43:26 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace So they've done some estimates as far as the amount of financing that would be necessary for this immediate phase?

9:43:36 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Obviously, I understand it has not been completed yet, but do you have an idea of what estimate they're looking at for this first phase?

9:43:52 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace What would be the timeframe be to implement this?

9:44:39 AM Commissioner Mathews - witness Martin
Note: Sacre, Candace Examination. And any slippage in that would mean it would be the next spring because you'd be heading into the -

9:44:50 AM Staff Atty Park PSC- witness Martin
Note: Sacre, Candace Do you know if the City would be relying on the grant, only relying on the grant, to fund this work, or would they be required to also put up part of the cost or go to a lender and borrow the money?

9:45:31 AM Staff Atty Park PSC
Note: Sacre, Candace I have no further questions.

9:45:33 AM Chairman Schmitt
Note: Sacre, Candace Commissioner Cicero?

9:45:36 AM Vice Chairman Cicero - witness Martin
Note: Sacre, Candace Examination. Just for my clarification, \$650,000 is for these Nos. 1, 2, and 3 on your recommendation?

9:46:42 AM Vice Chairman Cicero - witness Martin
Note: Sacre, Candace So let me clarify for you. You've got three recommendations on this PSC Exhibit 3. They include road-crossing mains, junction lines, and consumer meters, which you say should be corrected first.

9:46:57 AM Vice Chairman Cicero - witness Martin
Note: Sacre, Candace Is that the \$650,000?

9:47:06 AM Vice Chairman Cicero - witness Martin
Note: Sacre, Candace And is there any safety concerns that are immediate because of the timeframe it's going to take before this phase is done?

9:47:51 AM Vice Chairman Cicero - witness Martin
Note: Sacre, Candace The independent contractors, Shelley and Coyle, do they require any certification? I know you said they worked for Delta, but -

9:48:16 AM Vice Chairman Cicero - witness Martin
Note: Sacre, Candace Do you agree with Ms. Holbrook's assessment that the City is not able to or doesn't have the capability yet because of the experience of the operator for them to manage the system themselves at this point?

9:48:44 AM Vice Chairman Cicero - witness Martin
Note: Sacre, Candace Do you believe that there's a timeline that runs parallel to whatever the repairs are that you've identified here for the system? In other words, if RussMar were to handle all of the required upgrades and repairs, at that point, if they have the same personnel that seem to be developing, at that point, would you think the City could operate the system?

9:49:27 AM Vice Chairman Cicero - witness Martin
Note: Sacre, Candace Did you broach that with the City of Drakesboro in terms of that type of timeline?

9:49:39 AM Vice Chairman Cicero
Note: Sacre, Candace I have no other questions.

9:49:41 AM Chairman Schmitt
Note: Sacre, Candace Commissioner Mathews?

9:49:44 AM Commissioner Mathews - witness Martin
Note: Sacre, Candace Examination. I'm just curious about the procurement of the engineering company. Do they have any experience with this funding agency and with getting these grants?

9:50:07 AM Commissioner Mathews - witness Martin
Note: Sacre, Candace I thought they were from Richmond, and I thought maybe you knew them.

9:50:22 AM Commissioner Mathews - witness Martin
Note: Sacre, Candace Do you know if any other engineering companies were looked at?

9:50:48 AM Commissioner Mathews - witness Martin
Note: Sacre, Candace When you were talking about Martin Contracting and you said "those guys do the work," it's really kind of the same company?

9:51:09 AM Commissioner Mathews - witness Martin
Note: Sacre, Candace Joint ownership?

9:51:39 AM Commissioner Mathews
Note: Sacre, Candace That's all I have.

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| 9:51:41 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | Examination. I'm probably confused, Mr. Martin, but you talked about there's a Phase One and a Phase Two. Were there two phases to correcting the deficiencies that you found or that you believe are necessary in order to bring the City system up to par where it's basically safe and a modern gas system, correct? |
| 9:52:20 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | What would Phase Two be then? |
| 9:52:39 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | But that doesn't include the regulator replacement? |
| 9:52:44 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | Do you have an estimate or do you know if the engineers have any kind of a ballpark estimate as to what replacing the system as you've indicated would cost? |
| 9:53:11 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | And that's what you think should be done? |
| 9:53:14 AM | Commissioner Mathews - witness Martin Note: Sacre, Candace | Examination. Is there a timeline that you - if it didn't get done in a year, you're comfortable; if it didn't get done in two years, you're comfortable; if it's ten years, you're not comfortable, and then - |
| 9:53:48 AM | Commissioner Mathews - witness Martin Note: Sacre, Candace | Absent the third-party funding, could you do some of these three things that are on the list? |
| 9:54:02 AM | Commissioner Mathews - witness Martin Note: Sacre, Candace | Do you think they could afford it? |
| 9:54:14 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | Examination. Do you know the identity of the prospective funding agent? |
| 9:54:27 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | Although I know you weren't here at the June hearing, basically, one of the employees of Drakesboro Gas testified that he didn't think he would be qualified or shouldn't be able to operate the system on his own unless a couple of years or so had gone by where he would have the opportunity to experience work with your people or someone else in a similar capacity. |
| 9:55:01 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | Would you tend to agree with that? |
| 9:55:28 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | Would you think it would be both easier for those employees and safer once a new system was in place as opposed to the one with the potential problems that you've identified along with Ms. Holbrook? |
| 9:55:54 AM | Chairman Schmitt Note: Sacre, Candace | I have no further questions. Mr. Driskill, cross examination? |
| 9:55:58 AM | Atty Driskill Drakesboro Note: Sacre, Candace | Yes, sir, thank you. |
| 9:56:01 AM | Atty Driskill Drakesboro - witness Martin Note: Sacre, Candace | Cross Examination. You list three different things as recommendations on page 2 of your report. No. 3 is, "All consumer meters will need insulated spuds installed." Is it your understanding that the City in conjunction with your company is currently making that happen, as we speak |
| 9:56:45 AM | Atty Driskill Drakesboro - witness Martin Note: Sacre, Candace | Right, I just wanted to be clear that that was in progress. |

9:56:52 AM Atty Driskill Drakesboro - witness Martin
Note: Sacre, Candace And we talked a little bit about how your company is separate. We have two separate companies, right?

9:56:57 AM Atty Driskill Drakesboro - witness Martin
Note: Sacre, Candace And the company that you have the written formal contract with the City of Drakesboro is RussMar, right?

9:57:09 AM Atty Driskill Drakesboro - witness Martin
Note: Sacre, Candace And what type of services do you do on a day-to-day basis as a part of that contract with the City of Drakesboro?

9:57:35 AM Atty Driskill Drakesboro - witness Martin
Note: Sacre, Candace And I think you said your contract was up in March 2020 with the City of Drakesboro, right?

9:57:47 AM Atty Driskill Drakesboro - witness Martin
Note: Sacre, Candace And how much is that per month? Do you know?

9:57:52 AM Atty Driskill Drakesboro - witness Martin
Note: Sacre, Candace And you're currently stationing a guy in Drakesboro seven days a week or five days a week?

9:58:09 AM Atty Driskill Drakesboro - witness Martin
Note: Sacre, Candace And so I guess what I'm curious about is, in March, do you think there's a possibility that that could be scaled back to some degree? Maybe maintain some of your services that relate to the ongoing contract but scale back some of them?

9:58:33 AM Atty Driskill Drakesboro - witness Martin
Note: Sacre, Candace There's no way you could keep somebody on call and maybe an hour away or something like that?

9:58:55 AM Atty Driskill Drakesboro - witness Martin
Note: Sacre, Candace I'm just curious as to whether those needs will go down as time goes on?

9:59:11 AM Atty Driskill Drakesboro - witness Martin
Note: Sacre, Candace And so do you expect to be able to scale down those services only upon completion of Phase Two or maybe upon completion of Phase One? How do you foresee those needs changing?

9:59:41 AM Atty Driskill Drakesboro - witness Martin
Note: Sacre, Candace If the City added an additional employee in addition to Mr. Sims, would that, in any way, speed up the process of transitioning to the current level of services in the contract to maybe a lower level, or would you keep the same opinion? It would depend on the employee probably, wouldn't it?

10:00:17 AM Atty Driskill Drakesboro
Note: Sacre, Candace Those are all my questions. Thank you.

10:00:19 AM Chairman Schmitt
Note: Sacre, Candace Anything further, Mr. Park?

10:00:20 AM Staff Atty Park PSC
Note: Sacre, Candace I had one follow-up.

10:00:22 AM Staff Atty Park PSC - witness Martin
Note: Sacre, Candace Redirect Examination. Concerning the Cathodic Protection Troubleshooting Report, on the three recommendations, those all pertain to cathodic protection and maintaining the metal pipe?

10:00:38 AM Staff Atty Park PSC - witness Martin
Note: Sacre, Candace If the funding comes through for a pipeline replacement, would you still need to take any of these measures on the cathodic protection in the short-run?

10:01:26 AM Staff Atty Park PSC - witness Martin
Note: Sacre, Candace If the funding for the pipe replacement?

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| 10:01:30 AM | Staff Atty Park PSC Note: Sacre, Candace | I have no further questions. |
| 10:01:36 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | Examination. In terms of fixing the system, the entire system, do you have an estimate or do you know if the engineering firm, forget the funding at this point, about what a reasonable time frame for making these repairs or replacement would be? |
| 10:02:06 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | Cradle to grave? |
| 10:02:17 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | That's if the funding was in place? |
| 10:02:27 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | It seems to me the ultimate issue is either replacing the pipe, the regulators, doing what's necessary to make the system modern and safe or shutting the system down altogether and let them sell it to somebody or let the people build heat pumps. I mean, do you see an alternative to that if the system is not going to be safe unless these recommendations that you and Ms. Holbrooks have made are basically undertaken, would you agree with that? |
| 10:03:04 AM | Chairman Schmitt Note: Sacre, Candace | I don't have any further questions. Mr. Driskill, anything else? |
| 10:03:10 AM | Atty Driskill Drakesboro - witness Martin Note: Sacre, Candace | Recross Examination. Just to be clear, you believe the system is safe now, right? |
| 10:03:22 AM | Atty Driskill Drakesboro - witness Martin Note: Sacre, Candace | And, if you fixed these cathodics, would that prolong how long the system would remain safe? |
| 10:03:30 AM | Atty Driskill Drakesboro - witness Martin Note: Sacre, Candace | Do you know a general time frame for how much longer the system would remain safe without the need for a more drastic overhaul? |
| 10:03:40 AM | Atty Driskill Drakesboro - witness Martin Note: Sacre, Candace | Do you know if it would be cheaper - I think you said it would be two million for a complete replacement. Do you know how much it would be if you chose the alternative, which would be fixing the steel, steel pipes? |
| 10:04:36 AM | Atty Driskill Drakesboro Note: Sacre, Candace | That makes sense. Thank you. |
| 10:04:43 AM | Chairman Schmitt Note: Sacre, Candace | Anything else? |
| 10:04:44 AM | Chairman Schmitt Note: Sacre, Candace | Anything else, Mr. Park? |
| 10:04:46 AM | Staff Atty Park PSC Note: Sacre, Candace | Just one quick follow-up. |
| 10:04:48 AM | Staff Atty Park PSC - witness Martin Note: Sacre, Candace | Redirect Examination. You indicated, if the measures were taken to correct the cathodic protection, that would protect the pipe on a going-forward basis, but, as you've testified, the pipes have been in the ground for some unknown period of time where it's not been protected from corrosion? |
| 10:05:26 AM | Staff Atty Park PSC Note: Sacre, Candace | I have nothing further. |
| 10:05:28 AM | Chairman Schmitt Note: Sacre, Candace | Commissioner Cicero? |
| 10:05:29 AM | Vice Chairman Cicero Note: Sacre, Candace | I have nothing. |

10:05:30 AM Chairman Schmitt
Note: Sacre, Candace Commissioner Mathews, any questions?

10:05:35 AM Commissioner Mathews - witness Martin
Note: Sacre, Candace Examination. But you feel safe because you're doing the leak surveys and you're monitoring the system today?

10:05:58 AM Commissioner Mathews - witness Martin
Note: Sacre, Candace In February, we heard a hundred, two hundred leaks.

10:06:05 AM Chairman Schmitt
Note: Sacre, Candace A hundred and six, I think it was.

10:06:06 AM Commissioner Mathews - witness Martin
Note: Sacre, Candace Something that was overwhelming. How many leaks are you finding when you're doing your leak surveys now?

10:06:43 AM Commissioner Mathews - witness Martin
Note: Sacre, Candace People aren't calling to say they smell gas any more?

10:07:03 AM Chairman Schmitt - witness Martin
Note: Sacre, Candace Examination. I noticed in the reports, inspection reports, about the leak surveys. The Class 2s, whatever, if there was a Class 1, but those have all been repaired?

10:07:32 AM Chairman Schmitt - witness Martin
Note: Sacre, Candace The cost of RussMar's contract with the City you said, is that eleven thousand a month?

10:07:44 AM Chairman Schmitt
Note: Sacre, Candace I don't have anything further. Mr. Driskill?

10:07:46 AM Atty Driskill Drakesboro
Note: Sacre, Candace No, sir.

10:07:47 AM Chairman Schmitt
Note: Sacre, Candace Anybody else? May this witness be excused?

10:07:49 AM Staff Atty Park PSC
Note: Sacre, Candace Yes, Your Honor.

10:07:50 AM Session Note Entry
Note: Sacre, Candace Thank you, Mr. Martin. You may be excused.

10:07:54 AM Chairman Schmitt
Note: Sacre, Candace Is that the end of your case?

10:07:58 AM Staff Atty Park PSC
Note: Sacre, Candace It is. We would like to hear from the Mayor, so I don't know if Mr. Driskill intends to have the Mayor -

10:08:04 AM Chairman Schmitt
Note: Sacre, Candace Are you going to put him on?

10:08:05 AM Atty Driskill Drakesboro
Note: Sacre, Candace I don't intend to, if the City calls him.

10:08:08 AM Chairman Schmitt
Note: Sacre, Candace You may call him for cross examination, if you'd like.

10:08:10 AM Staff Atty Park PSC
Note: Sacre, Candace The Division of Inspections calls Mayor Mike Jones.

10:08:18 AM Chairman Schmitt
Note: Sacre, Candace Witness is sworn.

10:08:30 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace Cross Examination. Good morning, Mayor Jones. Have you heard any testimony here this morning with which you disagree?

10:08:36 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace And I, basically, just want to get some information upon the efforts that Mr. Martin discussed to obtain financing to address some of these infrastructure problems. He indicated you all are working with Abacus Engineering, is that accurate?

10:08:54 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace And how long has the City been working with this firm?

10:09:08 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace So you all looked for an engineer to assist the City not only on the gas side but on water and sewer issues as well?

10:09:27 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace Has the City executed any contract or any formal agreement with Abacus?

10:09:40 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace But not on the gas side? Just -

10:09:44 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace What services - under this contract, what services is Abacus performing for the City?

10:10:02 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace What are the local funding agents?

10:10:23 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace Is the City looking at a combination - Mr. Martin referred to a contribution requirement, so is the City looking at both applying for grants as well as borrowing money for its contribution?

10:10:56 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace Is it your understanding that this funding would be used to replace the metal pipe in the system?

10:11:12 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace Such as a regulator station? Your understanding that would be beyond the scope of this funding?

10:11:18 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace How does the City anticipate it will pay for replacing these obsolete regulators?

10:11:42 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace Fund them out of current revenues?

10:11:49 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace Do you know if Abacus has submitted any applications on behalf of Drakesboro?

10:12:06 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace And what is your understanding of the phases of this potential project that you're seeking funding for?

10:12:43 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace So the amount of funding -

10:13:10 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace It's your understanding the first phase would be used for pipe, starting the pipe replacement or the cathodic protection, or has it been determined?

10:13:24 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace Does it depend on how much funding you get as far as what that phase would include?

10:13:42 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace You heard Mr. Martin speak to estimates of what level of funding would be necessary for these phases. Did you hear him testify to that?

10:13:55 AM Staff Atty Park PSC - witness Jones
Note: Sacre, Candace And do you know the source of those estimates? Is that something that Mr. Martin would have or Abacus would have come up with, or is that something the City is aware of?

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| 10:14:21 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | What is the time frame for Abacus actually submitting a formal application? |
| 10:14:43 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | Have they told you, "We'll have an answer for you by February 1?" |
| 10:14:48 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | Is it kind of just open-ended? |
| 10:15:17 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | Could you explain that a little bit more? The City Council selected a board to review the qualifications? |
| 10:15:29 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | What will the City do if this funding - if it can't get a grant? Has the City looked at other options or contingencies? |
| 10:16:19 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | You feel like you've got the support from your City Council as far as the focus you've put on the gas? |
| 10:16:29 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | Have they been supportive of the funding decisions you've had to make? |
| 10:16:49 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | Do they think they appreciate the seriousness of the safety issues that were brought up? |
| 10:17:00 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | Has the City considered an adjustment of its gas rates to help fund any of this? |
| 10:17:41 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | On the gas side? |
| 10:17:42 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | You said Kentucky Rural Water. Are they looking at your gas rates, too, or just the whole system, too? |
| 10:17:52 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | I know you had some large commercial - |
| 10:18:19 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | What would a sustainability grant cover? What is that? |
| 10:18:52 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | In terms of what's necessary to sustain the system's viability? |
| 10:19:00 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | In previous hearings, we heard some testimony about the City had some large commercial chicken farms, and there was an issue as to whether they were being billed or whether they were current in their payments. Has that been resolved? Are they paying regularly or what they should be for the gas they are consuming? |
| 10:19:46 AM | Staff Atty Park PSC - witness Jones Note: Sacre, Candace | You mentioned they agreed to stay on the Drakesboro system for another year. Do they have other sources of gas, or what are their options? |
| 10:20:02 AM | Staff Atty Park PSC Note: Sacre, Candace | I have no further questions. |
| 10:20:03 AM | Chairman Schmitt Note: Sacre, Candace | Commissioner Cicero? |
| 10:20:05 AM | Vice Chaiman Cicero - witness Jones Note: Sacre, Candace | Examination. Did you have to write off any accounts receivable because of the chicken farmers not paying? |
| 10:20:13 AM | Vice Chaiman Cicero - witness Jones Note: Sacre, Candace | So you took a write-off. How much was that? |

10:20:20 AM Vice Chaiman Cicero - witness Jones
Note: Sacre, Candace And they're a current customer now, or they're no longer?

10:20:48 AM Vice Chaiman Cicero - witness Jones
Note: Sacre, Candace At any rate, that issue is now resolved?

10:20:49 AM Vice Chaiman Cicero - witness Jones
Note: Sacre, Candace So the biggest issue sounds - to me, it sounds like there's never been money put into the reserve in order to cover this future anticipated infrastructure improvement?

10:21:03 AM Vice Chaiman Cicero - witness Jones
Note: Sacre, Candace Going into the future, is that something the City is planning on not just for the gas but for the other utilities? That seems to be a common problem across utilities regardless of what it is you're delivering.

10:21:32 AM Vice Chaiman Cicero - witness Jones
Note: Sacre, Candace So at the that rates you have now, you do have a depreciation piece that's going into a reserve that's for the rainy day, not for current operations?

10:21:46 AM Vice Chairman Cicero
Note: Sacre, Candace I don't have any other questions.

10:21:48 AM Chairman Schmitt
Note: Sacre, Candace Commissioner Mathews?

10:21:49 AM Commissioner Mathews
Note: Sacre, Candace I don't have any questions.

10:21:50 AM Chairman Schmitt - witness Jones
Note: Sacre, Candace Examination. Mayor, I know you didn't cause any of these problems.

10:21:58 AM Chairman Schmitt - witness Jones
Note: Sacre, Candace I wonder, why did you want this job?

10:22:02 AM Chairman Schmitt - witness Jones
Note: Sacre, Candace But, you know, one of the problems that Drakesboro has, and it's not just Drakesboro, a lot of smaller communities, whether they're county rural water districts or small towns, you have such a small customer base, 667 customers, that, when you have to undergo a major project, you can't hardly fund it through rates because there's not enough cusotmers to spread the cost, something that, you know, regionalization or a large company like Atmos or Columbia or somebody can do.

10:22:45 AM Chairman Schmitt - witness Jones
Note: Sacre, Candace So I would just say - you know, a lot of people say, "Well, if I sold my system, you know, we don't know what the rates would be," but the rates would be controlled, ultimately, by the Kentucky Public Service Commission, here.

10:22:55 AM Chairman Schmitt - witness Jones
Note: Sacre, Candace I'm saying it's kind of like in schools. When I was a child, decades and decades ago, there were a lot of small rural school districts, and there aren't many any more because, ultimately, the costs and the regulations put you in a postion where it's almost impossible to keep going.

10:23:15 AM Chairman Schmitt - witness Jones
Note: Sacre, Candace I wish you the best, but our issue here is it's a question of safety. Safety first, and I know you think that, too.

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| 10:23:26 AM | Chairman Schmitt - witness Martin Note: Sacre, Candace | When I was a private practitioner, I defended a number of gas companies in explosion and fire cases, and the verdicts were many, many times greater than the cost of fixing the system. I hope you all don't have to face that, not just because of money, but because your families and friends and people in the communities or somebody is hurt or killed, there's no amount of money that can replace that. |
| 10:23:57 AM | Chairman Schmitt - witness Jones Note: Sacre, Candace | But, anyway, I appreciate your coming and your cooperation throughout this whole process. |
| 10:24:03 AM | Chairman Schmitt Note: Sacre, Candace | Anything else anybody wants to say? |
| 10:24:06 AM | Chairman Schmitt Note: Sacre, Candace | You may be excused. Thank you, Mayor. |
| 10:24:10 AM | Chairman Schmitt Note: Sacre, Candace | Is there anything else before we talk about how we wind this up? |
| 10:24:15 AM | Staff Atty Park PSC Note: Sacre, Candace | We have nothing further. |
| 10:24:16 AM | Chairman Schmitt Note: Sacre, Candace | Mr. Driskill? |
| 10:24:18 AM | Atty Driskill Drakesboro Note: Sacre, Candace | No, sir. |
| 10:24:19 AM | Chairman Schmitt Note: Sacre, Candace | Why don't we do this? If Mr. Driskill's motion is sustained and the reporting, the biweekly reporting, requirement is eliminated now, does that cause any concern, or is there anything that can't be addressed, basically, in a Final Order? |
| 10:24:39 AM | Staff Atty Park PSC Note: Sacre, Candace | I do not believe so. I think we would be fine with that being lifted at this time. |
| 10:24:45 AM | Chairman Schmitt Note: Sacre, Candace | Is there any objection? |
| 10:24:49 AM | Chairman Schmitt Note: Sacre, Candace | We'll draft an Order, but the biweekly reporting requirement as set out in the March Order will be eliminated, and so you won't have to comply with that in the future. |
| 10:25:04 AM | Chairman Schmitt Note: Sacre, Candace | What I think would be best here is, we've had a lot of testimony, and I think Drakesboro has made a lot of progress over the ten, eleven months we've been involved here. But we're now in a phase where the Final Order has to be addressed, and since the burden is on Staff in this case, they'll write the first brief, and, Mr. Driskill, you'll have a chance to respond, and then Mr. Park and Ms. Frederick can file a reply. |
| 10:25:42 AM | Chairman Schmitt Note: Sacre, Candace | But I think the issues that ought to be addressed are the issues of the alleged violations of the efforts made by Drakesboro, along with the costs incurred to address those deficiencies and to fix them, and also what may be necessary under 49 Code of Federal Regulations Civil Penalties 190.221. |

| | | |
|-------------|--|--|
| 10:26:18 AM | Chairman Schmitt Note: Sacre, Candace | Under 190.225, there are assessment considerations, and I would like the parties, when they file a brief, to discuss options that you think are available to the Commission, as well as what your positions would be with regard to possible penalties assessments, if there are any; how those would be applied; discuss good faith. While we make the decision and draft the Order, it would be good to hear, as much as possible, from the parties. |
| 10:26:59 AM | Chairman Schmitt Note: Sacre, Candace | That being so, I think the briefing schedule ought to be enlarged over what we usually do. If we did like a 30 days, 30 days, and ten or so for a reply, that puts you up, Mr. Driskill, into mid-January probably, and, if that's a problem, let us know, because I want to give everybody plenty of time. |
| 10:27:25 AM | Atty Driskill Drakesboro Note: Sacre, Candace | I was curious about and this may be available in on-line transcripts or videos of the hearing - |
| 10:27:32 AM | Chairman Schmitt Note: Sacre, Candace | Here's the thing, you know, I don't know why, at some point in the past, the Commission eliminated the shorthand reporter, and so we go to sort of a log. |
| 10:27:43 AM | Chairman Schmitt Note: Sacre, Candace | Ms. Sacre, I don't know where we are on all of the record so far, but, as far as today and in the past, the ones that we've done so far, can you give us an idea about how much time it would take to get that done? (Click on link for further discussion.) |
| 10:29:06 AM | Staff Atty Park PSC Note: Sacre, Candace | Mr. Chairman, one other thing, it may be helpful to Staff to address the expenditures that have - the City has been made in the efforts, that we do a real short post-hearing data request for updated financial information. |
| 10:29:19 AM | Chairman Schmitt Note: Sacre, Candace | Yeah, I think that'd be fine because I think the City would want us to see what your expenditures have been, and maybe that was provided or partially as of June, but, yeah, if you could do that. |
| 10:29:26 AM | Staff Atty Park PSC Note: Sacre, Candace | We can do it seven days - |
| 10:29:30 AM | Chairman Schmitt Note: Sacre, Candace | You could do that now while you're waiting for Ms. Sacre to complete the log. |
| 10:29:40 AM | Atty Driskill Drakesboro Note: Sacre, Candace | That's fine. |
| 10:29:41 AM | Chairman Schmitt Note: Sacre, Candace | I don't know if we need to address that formally, but if you could get those, Mr. Park - this is Friday. What? ByTuesday, right, Monday or Tuesday? |
| 10:29:51 AM | Staff Atty Park PSC Note: Sacre, Candace | I think we could. |
| 10:29:52 AM | Chairman Schmitt Note: Sacre, Candace | And I think the City - I don't know how much time you need, but you've got until the 3rd on what your costs are. |
| 10:30:02 AM | Staff Att Park PSC Note: Sacre, Candace | I think DOI has got a post-hearing brief due on Monday, so perhaps - I think we can get it on Tuesday, but Wednesday might be - |

| | | |
|-------------|--|---|
| 10:30:07 AM | Chairman Schmitt Note: Sacre, Candace | Well, that's be fine, as long as the City has an opportunity to provide everything, and that would give you, what? A couple of weeks to get the information in, if that's okay. |
| 10:30:20 AM | Atty Driskill Drakesboro Note: Sacre, Candace | That's fine. We can do that. |
| 10:30:21 AM | Chairman Schmitt Note: Sacre, Candace | All right, then If there's nothing else, this hearing is adjourned. Thank you. |
| 10:30:36 AM | Session Ended | |



Exhibit List Report

2019-00065 15Nov2019

City of Drakesboro d/b/a
Drakesboro Natural Gas Company
(Drakesboro)

| Name: | Description: |
|----------------|--|
| PSC Exhibit 1. | Inspection Report Drakesboro 10-23-2019. |
| PSC Exhibit 2. | Regulator and Relief Valve Inspection Reports. |
| PSC Exhibit 3. | Cathodic Protection Troubleshooting Report. |

INSPECTION REPORT

INSPECTION INFORMATION

| | | | |
|----------------------|---|----------------|-----------------------|
| KY PSC Inspector(s): | Melissa Holbrook and Chris Bailey | Report Number: | Drakesboro-10-23-2019 |
| Inspection Date(s): | 8-22-2019 | Report Date: | 10-23-2019 |
| Inspection Type: | <input checked="" type="checkbox"/> Standard <input type="checkbox"/> Integrity Management <input type="checkbox"/> Operator Qualification <input type="checkbox"/> Compliance Follow-up <input type="checkbox"/> Construction | | |

OPERATOR INFORMATION

| | | | |
|--|---|---|--|
| Name of Operator: | City of Drakesboro | OP ID No.: (If no OP ID No., explain if an application has been submitted.) | Unknown |
| Type of Facility: | Municipal | Location of Facility: | City of Drakesboro |
| Area of Operation: | City of Drakesboro | | |
| Official Operator Contact and Address: (Contact for Inspection Letter) Mayor Mike Jones P.O. Box 129 Drakesboro, KY 42337 | | Unit Name and Address | |
| Phone # and Email: | 270-476-8986 jonesy0120@gmail.com | | |
| Records Location: | Drakesboro Fire Dept. | | |
| Persons Interviewed | Title | Phone No. | Email |
| Mike Jones | Mayor | 270-543-6425 | Jonesy0120@gmail.com |
| Jeff Roberts | Russmar Compliance Office | 606-875-4655 | Jeff.roberts@russmarutilties.com |
| Jason Warren | Russmar Superintendent | 270-543-4160 | Jason.warren@russmarutilties.com |
| Donald Dee Sims Jr. | Drakesboro Employee | 270-820-6439 | Deeius8308@gmail.com |
| Has the Operator provided an updated Emergency Contact List? | | <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| Number of Customers: | 667 | | |
| Number of Gas Employees: | 2 | | |
| Gas Supplier: | Texas Gas | | |
| Unaccounted for Gas: | Unknown | | |
| Services: | Unknown | | |
| Operating Pressure(s): | MAOP (within last year) | Actual Operating Pressure (at time of inspection) | |
| | Feeder: | Unknown | |
| | Town: | | |
| Other: | | | |
| Does the Operator have any transmission pipeline (above 20% SMYS): | | n/a | |
| Additional Operator Information: | | | |

| | | | |
|--------------------------|-----------|---------------------------|----|
| Date of Last Inspection: | 2-21-2019 | | |
| Number of Deficiencies: | 35 | Deficiencies not Cleared: | 11 |

Summary of Areas Inspected

PHMSA Question Set

- | | | |
|--|---|---|
| <input type="checkbox"/> Emergency Plan | <input checked="" type="checkbox"/> Operations and Maintenance Plan | <input checked="" type="checkbox"/> Critical Valves Maintenance Inspections |
| <input type="checkbox"/> Cathodic Protection | <input type="checkbox"/> Accidents | <input checked="" type="checkbox"/> Leak Surveys |
| <input type="checkbox"/> Odorization | <input checked="" type="checkbox"/> Operator Qualification | <input checked="" type="checkbox"/> Damage Prevention |
| <input type="checkbox"/> Pipeline Markers | <input checked="" type="checkbox"/> Regulator Stations | <input checked="" type="checkbox"/> DIMP |
| <input type="checkbox"/> Field Inspection | <input type="checkbox"/> Other | |

Other:

State Question Set

- | | | |
|--|--------------------------------|--|
| <input type="checkbox"/> Cybersecurity | <input type="checkbox"/> Other | |
|--|--------------------------------|--|

Other:

Summary

The following deficiencies were cited in the February 2019 inspection. A follow-up inspection was required to clear the 35 deficiencies and check operator's progress. The following deficiencies were reviewed as follows.

Follow-up Inspection Findings

1. Drakesboro's written procedural manual for operations and maintenance activities does not include all procedures required by **49 CFR §192.605**. The missing items are highlighted in red.
Follow-up: The plan was provided and met requirements.
2. Drakesboro's plan to minimize the hazard resulting from a gas pipeline emergency does not include all procedures required by **49 CFR §192.615**. The missing items are highlighted in red.
Follow-up: The plan was provided and met requirements
3. Drakesboro does not have a written program to prevent damage to underground pipelines from excavation activities as required by **49 CFR §192.614**.
Follow-up: The plan was provided and met requirements.
4. Drakesboro does not have a written public education program as required by **49 CFR § 192.616**.
Follow-up: The plan was provided for review and met requirements.
5. Drakesboro does not have a written anti-drug plan as required by **49 CFR § 199.101**.
Follow-up: The plan was provided for review and met requirements.
6. Drakesboro does not have a written alcohol misuse plan as required by **49 CFR § 199.202**.
Follow-up: The plan was provided for review and met requirements.
7. Drakesboro has not conducted drug tests as required by **49 CFR § 199.105**.
Follow-up: Mike Jones, Melissa Holland, Donald Sims, Jordon Shaw were drug tested on February 19, 2019.
8. Drakesboro has not provided training for supervisory personnel who will determine whether an employee must be drug tested based on reasonable cause as required by **49 CFR § 199.113 (c)**.
Follow-up: The operator conducted training on August 9, 2019.
9. Drakesboro does not have a written distribution integrity management plan as required by **49 CFR § 192.1005**.
Follow-up: The written plan was provided for review. Original version April 21, 2014.
10. Drakesboro does not have welding procedures as required by **49 CFR § 192.225**.
Follow-up: The welding procedures manual was provided for review and met requirements.
11. Drakesboro does not have written plastic joining procedures as required by **49 CFR § 192.273(b)**.
Follow-up: The fusion procedures manual was provided for review. The operator is currently only using compression and stab fittings.

12. Drakesboro's operator qualification program does not meet the requirements of **49 CFR § 192.805**. The missing items are highlighted in red.
Follow-up: The operator qualification plan was provided for review and met requirements.
13. Drakesboro has not submitted annual reports as required by **49 CFR § 191.11**.
Follow-up: The operator submitted annual report 7-9-2019.
14. Drakesboro has not sent the customer notification required by **49 CFR § 192.16**.
Follow-up: The operator hand- delivered notifications to the customers in March 2019, when paying their gas bill. Notice was also, posted in the local newspaper.
15. Drakesboro has not sent public awareness messages as required by **49 CFR § 192.616**.
Follow-up: The public awareness message was mailed June 2019.
16. Drakesboro has not trained appropriate operating personnel to ensure they are knowledgeable of emergency procedures as required by **49 CFR § 192.615(b)(2)**.
Follow-up: Emergency Response Training was conducted on June 14, 2019 by Jeff Roberts and documented.
17. Drakesboro did not establish and maintain liaison with appropriate fire, police, and other public officials as required by **49 CFR § 192.615(c)**.
Follow-up: Meeting was conducted on June 14,2019 with Mayor, Gas Dept., Russmar and Fire Dept. Chief reviewing issues with gas emergencies and record reviewed.
18. Drakesboro does not review or update its operation and maintenance plan as required by **49 CFR § 192.605 (a)**.
Follow-up: New plan was implemented in 2019.
19. Drakesboro has not conducted periodic sampling of combustible gases in its distribution lines to assure the proper concentration of odorant test as required by **49 CFR § 192.625(f)** since November 2017.
Follow-up: Readings were conducted by Drakesboro Employee Donald Sims (OQ- February 13, 2019). Last inspection conducted 8-9-2019.
20. Drakesboro has not conducted patrolling of its distribution mains as required by **49 CFR § 192.721** since 2017.
Follow-up: The last patrol inspection was conducted on 8-8-2019.
21. Drakesboro has not conducted a leakage survey in its business district as required by **49 CFR § 192.723** since 2017. Additionally, the employee who is listed on the record of the 2017 survey as having conducted the survey, Jordon Shaw, verified to Staff on February 7, 2019, that he did not conduct the leak survey.
Follow-up- Leak survey conducted by Russmar on March 20,2019 until April 16,2019. No Class 1 leaks, 22-Class 2 leaks, and 7-Class 3 leaks.

22. Drakesboro has not conducted regulator/relief valve inspections as required by **49 CFR § 192.739**.
Follow-up- Danny Shelley conducted inspection August 19, 2019. Report not yet submitted.
23. Drakesboro has not conducted valve inspections as required by **49 CFR § 192.747** since 2016.
Follow-up: Critical Valve inspections conducted on May 15, 2019 by Donald Sims (OQ February 21, 2019).
24. Drakesboro has not tested pipelines under cathodic protection as required by **49 CFR § 192.465 (a)**.
Follow-up: Pipe to soil readings conducted on August 21, 2019 by Donald Sims is not operator qualified and Marvin Anderson (OQ December 10, 2021). All Readings are below the required -0.85.
25. Drakesboro has not conducted cathodic protection rectifier inspections as required **49 CFR § 192.465 (b)**.
Follow-up: Rectifier inspection conducted 8-9-2019.
26. Drakesboro has not conducted atmospheric corrosion inspections as required by **49 CFR § 192.481**.
Follow-up: The Atmospheric corrosion inspection conducted August 22, 2019.
27. Drakesboro's pipeline markers do not meet the requirements of **49 CFR § 192.707**. Numerous pipeline markers in field were unable to read.
Follow-up: During the field inspection pipeline markers were installed.
28. Drakesboro failed to ensure that individuals performing covered tasks were qualified as required by **49 CFR § 192.805(b)**. At the time of Staff's inspection, two employees of Drakesboro who were not properly qualified were performing covered tasks. Staff also received a report from a customer that prisoners turned on gas service and entered the home to relight appliances.
Follow-up: The operator has two current employees, Donald Sims and Jordon Shaw, who are operator qualified to restore service (OQ February 14,2019), and Russmar employee Marvin Anderson (OQ July 31,2022) on site to turn on gas for customers.
29. Drakesboro did not properly repair a damaged plastic main on Wyatt's Chapel Road as required by **49 CFR § 192.311**. Operator repaired a 2 "plastic main with a clamp.
Follow-up: The operator completed repair on 7-2-2019. Records and pictures reviewed.
30. Drakesboro did not ensure that combustible gas in its distribution lines was properly odorized as required by **49 CFR § 192.625(a)**. A 3rd party contractor conducted odor test and verified there was no odorant in the gas system.
Follow-up: The records for May 8, 2019, May 17,2019, May 20, 2019, May 31,2019, 6June 6,2019 indicate readings were conducted by Drakesboro Employee Donald Sims (OQ-February 13, 2019).

31. Drakesboro failed to follow procedures in its emergency plan in response to two reports of gas detected inside and outside of homes as required by **CFR § 192.605(a)**.
Follow-up: No issues indicated in records. All emergency calls through 911 in cad system. A record of each emergency documented.
32. Drakesboro has not offered excess flow valves to existing customers as required by **49 CFR § 192.383(d)**.
Follow-up: The EFV notification was mailed to customers June 2019.
33. Drakesboro has failed to ensure that each person making joints in plastic pipelines is qualified as required by **49 CFR § 192.285**.
Follow-up: Drakesboro employees Donald Sims and Jordon Shaw are currently operator qualified on using stab and mechanical fittings on (OQ February 19,2019).
34. Drakesboro has failed to maintain for the useful life of each pipeline records of each test performed under 49 CFR Subpart J as required by **49 CFR 192.517**.
Follow-up: MAOP: 1988 records found Texas Gas Transmission-175 psi, Beechmont-125 psi, and Throughout System 40psi.
35. Drakesboro has failed to keep records of the following procedures as required by **49 CFR § 192.603(b)**:
- Installation of new service lines;
 - Installation of excess flow valves;
 - Response to and repair of leaking pipelines;
 - Atmospheric corrosion inspections;
 - Odorant tests (2018 and 2019);
 - Patrolling of distribution mains (2018);
 - Leak surveys (2018);
 - Valve inspections (2018 and 2019);
 - Pipe-to-soil readings (2018); and
 - Cathodic protection rectifier inspections (2018).

Follow-up: The following records were reviewed: installation of new service line, installation efv, odor tests, leak survey, valve inspections, and pipe to soil readings, and leak repairs.

Inspector Comments

The closing conference was conducted with the following: Mayor Mike Jones, Theresa Fulkerson- City Clerk, Donald Sims- Gas Employee, and Russmar employee Jeff Roberts, and Marvin Anderson.

After conducting the follow-up inspection, it was discussed that all 35 deficiencies have been cleared. The following recommendations were made: The City of Drakesboro needs to contract trained and operator qualified specialists to assess the pipeline system for corrosion, rectifier's, measurement, and regulator stations. Russmar has conducted assessment of system, no report has been received at the time of inspection.

Submitted by:

Melissa C. Holbrook

Melissa Holbrook 10-23-2019
Utility Regulatory and Safety Investigator

**CITY OF DRAKESBORO
REGULATOR AND RELIEF VALVE INSPECTION REPORT**

SYSTEM Drakesboro LOCATION Union Ridge Bottom Run
 REGULATOR MANUFACTURER Equimeter TYPE 141
 BODY SIZE 2" SERIAL NUMBER N/A
 ORIFICE SIZE 1/2" TYPE SEAT / SLEEVE poly
 SPRING RANGE couldn't check see comments TYPE PILOT N/A

| | <u>INLET</u> | <u>OUTLET</u> | <u>Lock Up</u> |
|-------------------|-----------------|-----------------------------|----------------|
| PRESSURE AS FOUND | <u>115#</u> | <u>58#</u> | |
| PRESSURE AS LEFT | <u>115#</u> | <u>37#</u> | <u>38#</u> |
| TYPE INSPECTION | <u>TEARDOWN</u> | <u>VISUAL & OPERATE</u> | <u>XXX</u> |

RELIEF

RELIEF VALVE MANUFACTURER See Top Run Insp Report TYPE N/A
 BODY SIZE N/A SERIAL NUMBER N/A
 SPRING RANGE N/A ORIFICE SIZE N/A
 RELIEF VALVE SET POINT N/A
 INLET PIPING SIZE N/A VENT STACK SIZE N/A
 IS THERE A WEATHER CAP ON RELIEF STACK? YES N/A NO N/A
 IS THERE A TEST POINT BETWEEN VALVE AND RELIEF? YES N/A NO N/A
 WERE ALL PERTINENT VALVES CHECKED? YES XXX NO

COMMENTS: Per sales rep, Equimeter 141 regulator is obsolete no longer produced and repair parts are unavailable. Not having replacement parts available, a visual and operate was performed. Regulator is controlling and locking up properly. Recommend replacing regulators. Possibly using Fisher 627 regulator.

DATE 8/19/2019 INSPECTED BY: B Congo

Danny Shellen

**CITY OF DRAKESBORO
REGULATOR AND RELIEF VALVE INSPECTION REPORT**

SYSTEM Drakesboro LOCATION Union Ridge Top Run
 REGULATOR MANUFACTURER Equimeter TYPE 141
 BODY SIZE 2" SERIAL NUMBER N/A
 ORIFICE SIZE 1/2" TYPE SEAT / SLEEVE poly
 SPRING RANGE couldn't check see comments TYPE PILOT N/A

| | <u>INLET</u> | <u>OUTLET</u> | <u>Lock Up</u> |
|-------------------|-----------------|-----------------------------|----------------|
| PRESSURE AS FOUND | <u>115#</u> | <u>61#</u> | |
| PRESSURE AS LEFT | <u>115#</u> | <u>39#</u> | <u>40#</u> |
| TYPE INSPECTION | <u>TEARDOWN</u> | <u>VISUAL & OPERATE</u> | <u>XXX</u> |

RELIEF

RELIEF VALVE MANUFACTURER Fisher TYPE 289P
 BODY SIZE 1" SERIAL NUMBER N/A
 SPRING RANGE 30-100# ORIFICE SIZE 1"
 RELIEF VALVE SET POINT 44#
 INLET PIPING SIZE 1" VENT STACK SIZE no stack/screened
 IS THERE A WEATHER CAP ON RELIEF STACK? YES NO screened
 IS THERE A TEST POINT BETWEEN VALVE AND RELIEF? YES N/A NO N/A
 WERE ALL PERTINENT VALVES CHECKED? YES XXX NO

COMMENTS: Per sales rep, Equimeter 141 regulator is obsolete no longer produced and repair parts are unavailable. Not having replacement parts available, a visual and operate was performed. Regulator is controlling and locking up properly. Recommend replacing regulators. Possibly using Fisher 627 regulator.

DATE 8/19/2019 INSPECTED BY: B. Coyle
Danny Shelley

**CITY OF DRAKESBORO
REGULATOR AND RELIEF VALVE INSPECTION REPORT**

SYSTEM Drakesboro LOCATION Tobacco Shack Regulator Station
 REGULATOR MANUFACTURER Equimeter TYPE 041-2
 BODY SIZE 1" SERIAL NUMBER N/A
 ORIFICE SIZE 1/8" (badge) TYPE SEAT / SLEEVE poly
 SPRING RANGE see comments TYPE PILOT N/A

| | <u>INLET</u> | <u>OUTLET</u> | <u>Lock Up</u> |
|-------------------|----------------------------|------------------------------------|----------------|
| PRESSURE AS FOUND | <u>115#</u> | <u>39#</u> | |
| PRESSURE AS LEFT | <u>115#</u> | <u>39#</u> | <u>40#</u> |
| TYPE INSPECTION | TEARDOWN <u> </u> | VISUAL & OPERATE <u> </u> | <u>XXX</u> |

RELIEF

RELIEF VALVE MANUFACTURER Internal relief TYPE N/A
 BODY SIZE N/A SERIAL NUMBER N/A
 SPRING RANGE N/A ORIFICE SIZE N/A
 RELIEF VALVE SET POINT N/A
 INLET PIPING SIZE N/A VENT STACK SIZE N/A
 IS THERE A WEATHER CAP ON RELIEF STACK? YES N/A NO N/A
 IS THERE A TEST POINT BETWEEN VALVE AND RELIEF? YES N/A NO N/A
 WERE ALL PERTINENT VALVES CHECKED? YES XXX NO

COMMENTS: Due to not having replacement parts regulator was not taken apart.
 Station turned off. Per Marvin and Dee, Station is only used in the event they need to backfeed
 Turned inlet to regulator on to verify regulator was controlling and locking up properly. Regulator is controlling and locking
 up properly. Per sales rep regulator and replacement parts are obsolete. There is no gauge points on bypass.
RECOMMEND REBUILDING THIS STATION.

DATE 8/19/2019 INSPECTED BY: B. Conger
Danny Shellen

**CITY OF DRAKESBORO
REGULATOR AND RELIEF VALVE INSPECTION REPORT**

SYSTEM Drakesboro LOCATION Mill Pond Road Station
 REGULATOR MANUFACTURER Equimqter TYPE 041-2
 BODY SIZE 1" SERIAL NUMBER N/A
 ORIFICE SIZE 1/8"(badge states) TYPE SEAT / SLEEVE poly
 SPRING RANGE see comments TYPE PILOT N/A

| | <u>INLET</u> | <u>OUTLET</u> | <u>Lock Up</u> |
|-------------------|----------------------------|------------------------------------|----------------|
| PRESSURE AS FOUND | <u>Turned off</u> | <u>37#</u> | |
| PRESSURE AS LEFT | <u>Turned off</u> | <u>37#</u> | <u>38#</u> |
| TYPE INSPECTION | TEARDOWN <u> </u> | VISUAL & OPERATE <u> </u> | <u>XXX</u> |

RELIEF

RELIEF VALVE MANUFACTURER Internal relief TYPE N/A
 BODY SIZE N/A SERIAL NUMBER N/A
 SPRING RANGE N/A ORIFICE SIZE N/A
 RELIEF VALVE SET POINT N/A
 INLET PIPING SIZE N/A VENT STACK SIZE N/A
 IS THERE A WEATHER CAP ON RELIEF STACK? YES N/A NO N/A
 IS THERE A TEST POINT BETWEEN VALVE AND RELIEF? YES N/A NO N/A
 WERE ALL PERTINENT VALVES CHECKED? YES XXX NO

COMMENTS: Due to regulator and replacement parts being obsolete, a visual and operate only was performed station turned off. Per Marvin and Dee, Station is only used in the event they need to backfeed the distribution system
Turned inlet valve to regulator on to verify operation of the regulator. Regulator is controlling and locking up properly. No gauge points on bypass.

DATE 8/19/2019 INSPECTED BY: B. Coyle

Danny Shellen

**CITY OF DRAKESBORO
REGULATOR AND RELIEF VALVE INSPECTION REPORT**

SYSTEM Drakesboro LOCATION Benton Dump Regulator station
 REGULATOR MANUFACTURER Equimqter TYPE 141
 BODY SIZE 2" SERIAL NUMBER N/A
 ORIFICE SIZE 1/2"(per badge) TYPE SEAT / SLEEVE poly
 SPRING RANGE see comments TYPE PILOT N/A

| | <u>INLET</u> | <u>OUTLET</u> | <u>Lock Up</u> |
|-------------------|----------------------------|------------------------------------|----------------|
| PRESSURE AS FOUND | <u>Turned Off</u> | <u>12#</u> | |
| PRESSURE AS LEFT | <u>Turned Off</u> | <u>30#</u> | <u>31#</u> |
| TYPE INSPECTION | TEARDOWN <u> </u> | VISUAL & OPERATE <u> </u> | <u>XXX</u> |

RELIEF

RELIEF VALVE MANUFACTURER Fisher 1808A Fisher TYPE 1808A
 BODY SIZE 2" SERIAL NUMBER N/A
 SPRING RANGE 35-125# ORIFICE SIZE Full Port
 RELIEF VALVE SET POINT 44#
 INLET PIPING SIZE 2" VENT STACK SIZE 2"
 IS THERE A WEATHER CAP ON RELIEF STACK? YES XXX NO
 IS THERE A TEST POINT BETWEEN VALVE AND RELIEF? YES NO XXX
 WERE ALL PERTINENT VALVES CHECKED? YES XXX NO

COMMENTS: Station is turned off. Per Marvin and Dee, station is only used in the event they need to backfeed through this station. They were not clear as to why it is turned off. We turned inlet valve on to check pressure found 12# outlet. The regulator is a Equimeter 141. Per my conversation with a Equimeter supplier this regulator is obsolete and parts are not available. Did not have parts to do inspection. No bypass on station. RECOMMEND REBUILDING.

DATE 8/19/2019 INSPECTED BY: B. Coffe
Dawn Skelley

**CITY OF DRAKESBORO
REGULATOR AND RELIEF VALVE INSPECTION REPORT**

SYSTEM Drakesboro LOCATION Old National Bank Station
 REGULATOR MANUFACTURER Equimqter TYPE 441-57S
 BODY SIZE 2" SERIAL NUMBER 15263896
 ORIFICE SIZE 1.75" double port TYPE SEAT / SLEEVE Nitrile
 SPRING RANGE 25-55# TYPE PILOT N/A

| | <u>INLET</u> | <u>OUTLET</u> | <u>Lock Up</u> |
|-------------------|---------------------|--------------------------------|----------------|
| PRESSURE AS FOUND | <u>115#</u> | <u>47#</u> | |
| PRESSURE AS LEFT | <u>115#</u> | <u>38#</u> | <u>40#</u> |
| TYPE INSPECTION | TEARDOWN <u>XXX</u> | VISUAL & OPERATE <u> </u> | |

RELIEF

RELIEF VALVE MANUFACTURER Flow Safe TYPE F70PHP
 BODY SIZE 3" SERIAL NUMBER F20071860
 SPRING RANGE 80-140# ORIFICE SIZE BB
 RELIEF VALVE SET POINT 44#
 INLET PIPING SIZE 2" X 3" VENT STACK SIZE 3"
 IS THERE A WEATHER CAP ON RELIEF STACK? YES XXX NO
 IS THERE A TEST POINT BETWEEN VALVE AND RELIEF? YES XXX NO
 WERE ALL PERTINENT VALVES CHECKED? YES XXX NO

COMMENTS: Existing control line for regulator was piped below ground with a stainless steel line. Could not determine as to why and where it terminated. Disconnected the line and plugged the stainless steel line. Drakesboro employees stated they will dig out and disconnect the old tubing. Retubed the control line to location on relief stack. Regulator seats and orifices in good condition. Operating properly.

DATE 8/19/2019 INSPECTED BY: B. Coyle
Danny Skelley

**CITY OF DRAKESBORO
REGULATOR AND RELIEF VALVE INSPECTION REPORT**

SYSTEM Drakesboro LOCATION Purchase Station - Top Run- 2nd Cut
 REGULATOR MANUFACTURER Fisher TYPE 630 Big Joe
 BODY SIZE 2" SERIAL NUMBER 16031607
 ORIFICE SIZE 1/4" TYPE SEAT / SLEEVE nylon
 SPRING RANGE 90-150# TYPE PILOT N/A

| | <u>INLET</u> | <u>OUTLET</u> | <u>Lock Up</u> |
|-------------------|---------------------|------------------------|----------------|
| PRESSURE AS FOUND | <u>375#</u> | <u>98#</u> | |
| PRESSURE AS LEFT | <u>375#</u> | <u>95#</u> | <u>100#</u> |
| TYPE INSPECTION | TEARDOWN <u>XXX</u> | VISUAL & OPERATE _____ | |

RELIEF

RELIEF VALVE MANUFACTURER Fisher TYPE 399
 BODY SIZE 2" SERIAL NUMBER 1263620
 SPRING RANGE 85-140# ORIFICE SIZE Full Port
 RELIEF VALVE SET POINT 135#
 INLET PIPING SIZE 2" VENT STACK SIZE 2"
 IS THERE A WEATHER CAP ON RELIEF STACK? YES XXX NO _____
 IS THERE A TEST POINT BETWEEN VALVE AND RELIEF? YES XXX NO _____
 WERE ALL PERTINENT VALVES CHECKED? YES XXX NO _____

COMMENTS: Replaced nylon seat. Found evidence of moisture in spring casing. Cleaned spring and rotated spring casing/vent downward to prevent excessive moisture buildup in regulator.
checked for lockup and control. Regulator is locking up and controlling properly.
Relief valve pilot has small leak through vent. Will order pilot diaphragm and replace.

DATE 8/19/2019 INSPECTED BY: B. Coyle
Dawn Skelly

CITY OF DRAKESBORO REGULATOR AND RELIEF VALVE INSPECTION REPORT

SYSTEM Drakesboro LOCATION Purchase Station - Top Run- 1st Cut
 REGULATOR MANUFACTURER Fisher TYPE 630 Big Joe
 BODY SIZE 2" SERIAL NUMBER 16031607
 ORIFICE SIZE 1/4" TYPE SEAT / SLEEVE nylon
 SPRING RANGE 275-500# Yellow stripe TYPE PILOT N/A

| | <u>INLET</u> | <u>OUTLET</u> | <u>Lock Up</u> |
|-------------------|---------------------|------------------------|----------------|
| PRESSURE AS FOUND | <u>695#</u> | <u>395#</u> | |
| PRESSURE AS LEFT | <u>695#</u> | <u>375#</u> | <u>400#</u> |
| TYPE INSPECTION | TEARDOWN <u>XXX</u> | VISUAL & OPERATE _____ | |

RELIEF

RELIEF VALVE MANUFACTURER N/A TYPE N/A
 BODY SIZE N/A SERIAL NUMBER N/A
 SPRING RANGE N/A ORIFICE SIZE N/A
 RELIEF VALVE SET POINT N/A
 INLET PIPING SIZE N/A VENT STACK SIZE N/A
 IS THERE A WEATHER CAP ON RELIEF STACK? YES N/A NO N/A
 IS THERE A TEST POINT BETWEEN VALVE AND RELIEF? YES N/A NO N/A
 WERE ALL PERTINENT VALVES CHECKED? YES xxx NO _____

COMMENTS:

Nylon seat was eroded. Replaced nylon seat. Found slight amount of moisture in main body. Cleaned regulator. Regulator is controlling and operating properly.

DATE 8/19/2019 INSPECTED BY: B. Conge.
Danny Stolley

CITY OF DRAKESBORO REGULATOR AND RELIEF VALVE INSPECTION REPORT

SYSTEM Drakesboro LOCATION Purchase Station - Bottom Run - 2nd Cut
 REGULATOR MANUFACTURER Fisher TYPE 630 Big Joe
 BODY SIZE 2" SERIAL NUMBER 16031605
 ORIFICE SIZE 1/4" TYPE SEAT / SLEEVE nylon
 SPRING RANGE 90-150# TYPE PILOT N/A

| | <u>INLET</u> | <u>OUTLET</u> | <u>Lock Up</u> |
|-------------------|---------------------|------------------------|----------------|
| PRESSURE AS FOUND | <u>Shut Off</u> | <u>Shut Off</u> | |
| PRESSURE AS LEFT | <u>395#</u> | <u>115#</u> | <u>120#</u> |
| TYPE INSPECTION | TEARDOWN <u>XXX</u> | VISUAL & OPERATE _____ | |

RELIEF

RELIEF VALVE MANUFACTURER See Top Run - 2nd Cut TYPE N/A
 BODY SIZE N/A SERIAL NUMBER N/A
 SPRING RANGE N/A ORIFICE SIZE N/A
 RELIEF VALVE SET POINT N/A
 INLET PIPING SIZE N/A VENT STACK SIZE N/A
 IS THERE A WEATHER CAP ON RELIEF STACK? YES N/A NO N/A
 IS THERE A TEST POINT BETWEEN VALVE AND RELIEF? YES N/A NO N/A
 WERE ALL PERTINENT VALVES CHECKED? YES xxxx NO _____

COMMENTS: Per Marvin and Dee: This run was shut off earlier this year due to regulator not controlling.
Nylon seat was eroded. Replaced nylon seat. Found slight amount of moisture in main
body. Cleaned regulator. Regulator is now controlling and operating properly.

DATE 8/19/2019 INSPECTED BY: B Cofer
Danny Shultz

CITY OF DRAKESBORO REGULATOR AND RELIEF VALVE INSPECTION REPORT

SYSTEM Drakesboro LOCATION Purchase Station - Bottom Run- 1st Cut
 REGULATOR MANUFACTURER Fisher TYPE 630 Big Joe
 BODY SIZE 2" SERIAL NUMBER 16031606
 ORIFICE SIZE 1/4" TYPE SEAT / SLEEVE nylon
 SPRING RANGE 200 - 275# Blue Stripe TYPE PILOT N/A

| | <u>INLET</u> | <u>OUTLET</u> | <u>Lock Up</u> |
|-------------------|---------------------|----------------------------------|----------------|
| PRESSURE AS FOUND | <u>Shut Off</u> | <u>Shut Off</u> | |
| PRESSURE AS LEFT | <u>695#</u> | <u>395#</u> | <u>400#</u> |
| TYPE INSPECTION | TEARDOWN <u>XXX</u> | VISUAL & OPERATE <u> </u> | |

RELIEF

RELIEF VALVE MANUFACTURER N/A TYPE N/A
 BODY SIZE N/A SERIAL NUMBER N/A
 SPRING RANGE N/A ORIFICE SIZE N/A
 RELIEF VALVE SET POINT N/A
 INLET PIPING SIZE N/A VENT STACK SIZE N/A
 IS THERE A WEATHER CAP ON RELIEF STACK? YES N/A NO N/A
 IS THERE A TEST POINT BETWEEN VALVE AND RELIEF? YES N/A NO N/A
 WERE ALL PERTINENT VALVES CHECKED? YES xxxx NO

COMMENTS: Per Marvin and Dee: This run was shut off earlier this year due to regulator not controlling
Nylon seat was eroded. Replaced nylon seat. Found slight amount of moisture in main
body. Cleaned regulator. Regulator is now controlling and operating properly.
Spring has a blue stripe indicating 200-275# range. Spring is maxed out to reg setpoint of 395#

DATE 8/19/2019 INSPECTED BY: B. Coyle
Danny Skelley



2371 Irvine Road, Richmond, KY 40475
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Cathodic Protection Troubleshooting Report
Mark A. McGuire

Location/Utility: Drakesboro Natural Gas, Muhlenburg County,
Drakesboro, KY 42337

Contact: Mike Jones, Mayor

Issue(s):

Reported concern rectifier not working properly.
Low pipe-to-soil readings noted.

Assessment: (Steps taken)

- *Visually inspected rectifier
- *Located ground bed
- *Tested rectifier voltage & amperage
- *Conducted pipe-to-soil readings using multi meter & half cell at
 - Road Crossings
 - Junction Lines
 - Sampling of Consumer Taps

Findings:

*Rectifier voltage & amperage producing

-Voltage adequate

-Amperage inadequate

***Ground bed too close proximity to the Main**

(Via NACE "rule of thumb")

*Pipe-to-soil reading at Road Crossing, Junction Lines, & Sampling of

Consumer Taps **did not meet criteria 0.85 mv for corrosion**

control

(DOT Part 192 Appendix D)

Recommendations:

Before the rectifier and ground bed issues can be addressed, the main line will need to be isolated. However the following issues should be corrected first:

1. All road-crossing mains will need to be replaced with new spacers in seals along with 4-wire test stations at the vent pipes.
2. Junction lines will need to be isolated from the main. As well as new valves installed along with 4-wire test stations.
3. All consumer meters will need insulated spuds installed.

Once the main line is isolated and the deficiencies corrected, testing can better determine the size of ground bed and rectifier needed to provide the appropriate cathodic protection required for the system.

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