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## NEWS RELEASE

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### **PSC Fines City of Olive Hill for Natural Gas Safety Violation** *Suspends all but \$5,000 of \$60,000 penalty, subject to city burying exposed natural gas pipeline within 30 days*

**FRANKFORT, Ky. (June 21, 2017)** – The Kentucky Public Service Commission (PSC) has fined the city of Olive Hill \$60,000 for leaving exposed in a creek bed the high-pressure pipeline that supplies the entire city with natural gas.

In an order issued today, the PSC levied the \$60,000 civil penalty but suspended \$55,000 of the fine for 30 days, subject to Olive Hill's completing work within 30 days to replace the exposed pipeline. Olive Hill also must notify the PSC within five days of beginning and completing the work to bury the line.

"Should this pipeline wash out or become damaged and have to be shut off, all of Olive Hill's customers would lose gas service until repairs could be made," the PSC said in the order. "This would create an especially severe hardship to Olive Hill's customers should a failure occur during a period of cold weather."

Furthermore, a rupture of the pipeline could cause injuries to anyone in the immediate vicinity, the PSC said, noting also that repairs under emergency conditions would likely be far more expensive than replacement in normal circumstances.

An inspection conducted by the PSC in July 2015 found the exposed pipeline. The pipeline crosses Tygarts Creek before entering Olive Hill.

The PSC ordered that the pipeline be buried and was told by Olive Hill officials that the city was planning to do so once it determined how to pay for the work. A second inspection in November 2016 found that, although Olive Hill had corrected all other deficiencies noted by the 2015 inspection, the line across Tygarts Creek remained exposed.

"There is no evidence in the record that Olive Hill attempted to achieve compliance after notification of the violation," the PSC said in today's order.

Olive Hill, in Carter County, owns and operates a natural gas distribution system serving about 705 customers. Because it is municipally owned, the rates and service of the Olive Hill gas system are not regulated by the PSC.

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However, the PSC has jurisdiction over the safety of the system. The PSC, under certification by the federal Pipeline and Hazardous Materials Safety Administration, enforces federal gas pipeline safety regulations for all natural gas distribution systems in Kentucky.

Federal safety regulations require natural gas lines to be buried and protected from flooding, washouts, unstable soil or other hazards that could cause the line to fail.

The PSC initiated the proceeding against the city of Olive Hill in May, citing the failure to bury the gas distribution main. An evidentiary hearing in the case was held on June 7.

At that hearing, Olive Hill officials admitted the failure to bury the line, stating that changes in city leadership led to a lack of communication about the problem. The officials stated that Olive Hill was in the process of obtaining an estimate for the cost of repairs and would discuss the matter at a special city council meeting on June 12.

At the conclusion of the hearing, the PSC directed Olive Hill to provide certain information by June 14, including any cost estimates obtained and the results of the city council meeting. To date, Olive Hill has not supplied the information.

The PSC noted that it could fine Olive Hill as much as \$1 million for the protracted failure to deal with the exposed gas line. Olive Hill must pay the \$5,000 penalty within 30 days.

Failure to comply with any of the conditions set by the PSC could result in Olive Hill being required to pay the \$55,000 balance of the penalty.

Today's order, a video of the hearing, and other records in the case are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2017-00167.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 75 employees.

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