

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY PUBLIC SERVICE COMMISSION)
)
VS.) CASE NO. 9438
)
MR. KAY PIGMON D/B/A MEADES BRANCH)
GAS AND WATER)

O R D E R

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

1. A hearing be and it hereby is scheduled on August 13, 1986, at 1:30 p.m., Eastern Daylight Time, in the Commission's Offices, Frankfort, Kentucky.

2. Meades Branch Gas and Water ("Meades Branch") shall appear at the hearing and show cause, if any it can, as to why it should not be subject to the penalties prescribed in KRS 278.990 for failure to comply with the Commission's regulations.

3. The Complaint Investigation Report for Ms. Johnda Elkins, attached hereto as Appendix A, shall be included as a part of the record in this proceeding.

4. Meades Branch shall have until the close of business within 2 weeks of the date of this Order to file written comments concerning the contents of Appendix A.

Done at Frankfort, Kentucky, this 11th day of July, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Weman

For the Commission

ATTEST:

Secretary

APPENDIX "A"

Commonwealth of Kentucky
PUBLIC SERVICE COMMISSION

COMPLAINT INVESTIGATION REPORT

Case No. 9438
Ms. Johnda Elkins and others, vs
Mr. Kay Pigmon d/b/a Meades Branch Gas
and Water

June 2-3, 1986

On March 13 and 14, 1985, an investigation was made of the Meades Branch area, Lawrence County, Kentucky. The investigation was the result of numerous telephone calls to the Public Service Commission from customers of a water and gas system in this area. The report on this investigation was submitted, on April 23, 1985, to Meades Branch Gas and Water ("Meades Branch") with recommendations for correction of the water and gas problems identified by the Commission's staff.

In a letter dated August 27, 1985, the Commission's staff wrote Mr. Pigmon requesting acknowledgement of the receipt of the March 14, 1985, Investigation Report. Mr. Pigmon failed to reply to any of the above correspondence.

INVESTIGATION

On December 16, 1985, Mr. Bob Bruflat and myself met with Mr. Kay Pigmon and his attorney, Mark W. Clevenger. The Commission staff and the Meades Branch representatives exchanged information at this meeting in reference to the PSC's regulations and the construction of the water and gas system at Meades Branch. As stated in Mr. Bruflat's memo of December 23, 1985, (attached)

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Meades Branch Gas and Water
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Meades Branch's mood was cooperative and we were assured that several items of deficiency would be corrected, therefore we agreed to give Mr. Pigmon approximately six months to correct these items.

A second investigation was made on June 2 and 3, 1986, by Mr. Bruflat and myself to verify if the previous deficiencies had been corrected, Mr. Kay Pigmon was present during this inspection.

Meades Branch's operations were reviewed for compliance with the Kentucky Revised Statutes (KRS 278 and KRS 74) and the Public Service Commission Regulations (807 KAR). Our inspection indicates that Meades Branch has not corrected the deficiencies as Mr. Pigmon promised.

Meades Branch currently has 11 (3 are free) water customers and 9 (3 are free) gas customers. They pay a combined bill for both gas and water of \$40.00 in the winter and \$20.00 in the summer (June through September).

Meades Branch has discontinued service to customers without giving them prior written notice or the proper allotted time period before disconnection.

The water at Meades Branch is not protected by artificial treatment to include continuous disinfection throughout the distribution system. Meades Branch did have a chlorinator but that broke and has not been repaired or replaced.

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Meades Branch Gas and Water
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The source of water at Meades Branch is a well roughly 1,000 feet deep. This well is also the origin for Meades Branch's gas supply. Neither of these sources is master metered at the point of production.

Meades Branch has water mains which are not sufficiently protected from the coldest weather experienced in this area. A portion of these mains are above ground level. In addition, these mains are all 2-inch galvanized lines running approximately 800 feet long.

Meades Branch has never done any gas or water leak surveys to determine if it has any leaks in need of repair.

Meades Branch does not have any gas or water meters installed at its customers services.

The water pressure at Meades Branch is roughly 57 psig provided via a pneumatic booster pump and a 150- to 200-gallon pressure tank. This pump and tank are housed in a wooden shed approximately 35 feet from the well.

Photographs and a map of the distribution system are included in the Appendix of this report.

CONCLUSIONS

1. Meades Branch has not corrected the deficiencies agreed to by Mr. Kay Pigmon on December 16, 1985, during the 6-month continuation period granted by the Commission.

2. The rates, rules and regulations of Meades Branch have never been filed with the Commission during the 6-month continuation period granted since December of 1985, (807 KAR 5:011).

3. Meades Branch has not filed an Annual Report containing financial and statistical information with the Commission as required by Section 3 of 807 KAR 5:006.

4. Meades Branch is not keeping the operating records required by the Commission for: service interruptions, information available to customers, complaint information, and pressure information.

5. Meades Branch is not billing its customers uniformly.

RECOMMENDATIONS

1. Meades Branch should file with the Commission a financial statement disclosing the gross operating records of the utility and file Annual Reports for each calendar year of operations.

2. Meades Branch should file with the Commission a copy of its tariffs in accordance with 807 KAR 5:011.

3. Meades Branch should file with the Commission a copy of the as-built plans for its construction.


4. Meades Branch should provide the Commission with a detailed explanation justifying a differential rate to utility customers.

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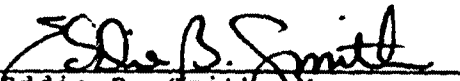
5. Meades Branch should file with the Commission a detailed plan to correct the deficiency items noted in this report.

6. The Commission staff recommends the show cause proceedings against Meades Branch should continue and that a hearing date should immediately be set in this matter.

Submitted,
July 3, 1986

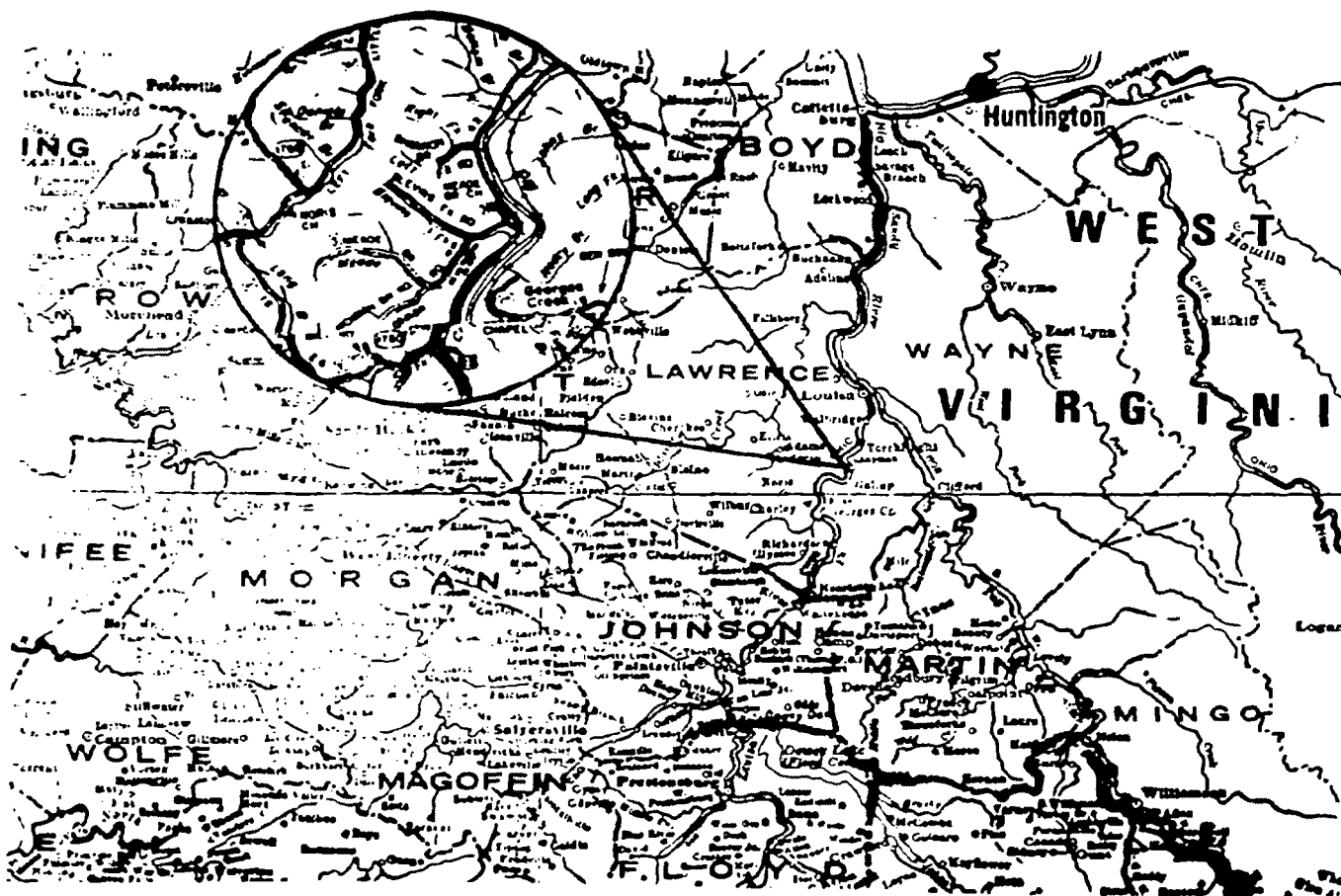

K. Michael Newton
Utility Investigator

Reviewed by


Eddie B. Smith, Manager
Water & Sewer Section

OK

Lawrence County



MEADES BRANCH GAS & WATER

June 3, 1986

Corner of water
pump house

Water and Natural Gas
well site



Gas Lines
from the
well to
the system

MEADES BRANCH GAS & WATER

June 3, 1986

View of water
pump house with
reservoir pressure
tank



Closeup view inside
water pump house
(pump, control and gauge)



MEMORANDUM

TO: CN 9438

THRU: Claude G. Rhorer *CLR*
Scott Smith *CLR*
Byrnes Fairchild *ESB for BCF*

FROM: R. E. Brufat, Gas Section *RMB*
K. Michael Newton, Water Section

DATE: December 23, 1985

RE: Mr. Kay Pigmon d/b/a Meades Branch Gas and Water
(Meades Branch) CN 9438

At about 5:00 p.m. on Monday, December 16, 1985, we met with Attorney Mark W. Clevenger at his Louisa, Kentucky, office. Attorney Clevenger now represents Meades Branch in this action.

Soon thereafter, Mr. Kay Pigmon joined us and we proceeded with our discussion of the Meades Branch situation. Mr. Pigmon furnished us with a schematic sketch of the systems (see attached -- to which I have added identification and data totals).

We furnished Meades Branch counsel with a copy of the available October 1, 1984, Kentucky Public Service Commission Law. We briefly reviewed an outline of a copy of Commission regulations (a copy of the most recent available regulations was mailed to Attorney Clevenger).

Meades Branch's mood was cooperative and we were assured that:

- The gas and the water would be master metered at the well sources;
- A gas leak survey would be made and all gas leaks would be repaired;
- Proper chemical treatment of the water would be done with adequate testing to assure safe water;
- Individual customer gas meters would be installed on every gas service (including the 3 free leasehold consumers);
- Meades Branch would pursue a course of action necessary to become a water distribution utility under Commission law and regulations;

MEMO - CN-9438
Page Two
December 23, 1985

--Meades Branch would study and utilize the US-DOT "Guidance Manual for Operators of Small Gas Systems" in efforts to establish and maintain a safe master meter gas distribution system; and

--Meades Branch desires to establish the proper business arrangement for tariff filing and profitable operation under Commission regulation.

It was generally agreed that Commission staff would aid Meades Branch in the next few months while the Show Cause Case was put on a "continuance" basis.

Discontinuation of service for non-payment of bills was discussed and Meades Branch was advised to use Commission time frames and to keep a record of the written notices.

While we suggested a 5 month postponement of the hearing, we could concur with the late June 1986 request just received (see attached copy of December 16, 1985, letter).

cc: CN 9438 File
Forest Skaggs
Claude Rhorer
Phyllis Fannin
Scott Smith
Byrnes Fairchild

Mark Wheeler Clevenger
Attorney at Law

Court & Madison Street, Louisville, Kentucky 40230
(606) 638-9010

December 16, 1985

FILED
DEC 20 1985
PUBLIC SERVICE
COMMISSION

Commonwealth of Kentucky
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

Attention: Forest M. Skaggs
Secretary

RE: Case No. 9438
PSC vs. Meades Branch Gas & Water

Dear Mr. Skaggs:

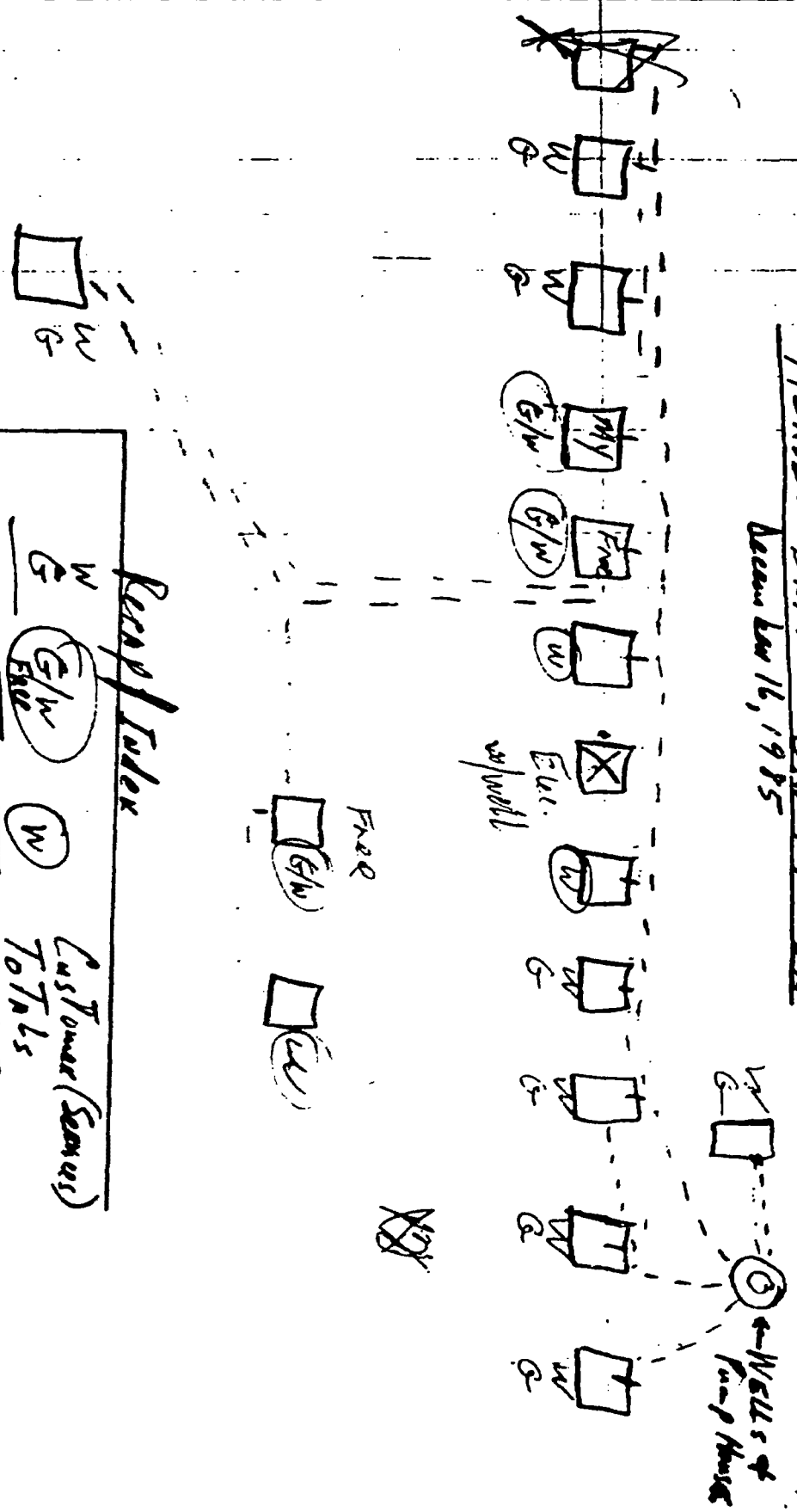
On today's date Mr. Pigmon and myself had a meeting with Bob Bruflat and Mike Newton. These gentlemen have outlined their concerns regarding Meades Branch Water and Gas, which we plan on meeting the requirements as outlined by Messrs. Bruflat and Newton regarding the same. Therefore, we are hereby requesting that the hearing scheduled for December 18, 1985, be rescheduled for late June, 1986, in order that at that time alterations will have been made which will be beneficial to all parties concerned.

Yours very truly,


Mark W. Clevenger

MWC/db

MEADES BRANCH GAS & WATER
December 16, 1985



Recap/Tuber

Customer (Sensors)
Totals

W 18
G 3
G/W Free 3
W 3
WATER GAS
WATER
only

14 WATER
11 GAS

(Totals include
3 with FREE
(Cancelled) WATER
and gas)