

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FAILURE OF SALYERSVILLE GAS)
COMPANY TO COMPLY WITH THE) CASE NO. 9695
COMMISSION REGULATIONS)

SHOW CAUSE ORDER

On June 9 and 10, 1986, a comprehensive safety inspection was conducted on Salyersville Gas Company ("Salyersville") by the Commission's Gas Section. Ten violations to the Commission's regulations were found, including the gas safety regulations (807 KAR 5:022). Attached as Appendix A is a copy of the safety inspection report which lists each of these violations.

A review of the Commission's past annual safety inspections conducted on Salyersville demonstrates that Salyersville has been cited repeatedly for many of these same violations. While some are related to record-keeping requirements, the Commission must emphasize the importance of maintaining adequate, up-to-date records. Without such records the Commission cannot verify that the necessary safety measures required of a gas utility operator have been initiated. Since no records exist, the Commission can only conclude that Salyersville's operations and maintenance responsibilities have not been met.


After reviewing the record, the Commission is of the opinion and hereby finds that Salyersville shall appear before the Commission to show cause why it should not be fined for repeated

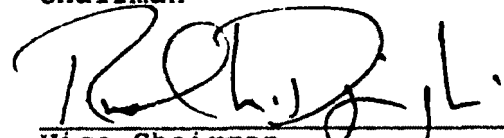
violations of the Commission's regulations and present evidence that depicts Salyersville's schedule to correct those violations listed in Appendix A.

IT IS THEREFORE ORDERED that Salyersville shall appear on October 22, 1986, at 9:00 a.m., Eastern Daylight Time, in Hearing Room No. 2 of the Commission's offices at Frankfort, Kentucky, to show cause why it should not be fined for repeated violations to the Commission's regulations, and to demonstrate what corrective actions it intends to take to comply with the Commission's regulations.

Done at Frankfort, Kentucky, this 26th day of September, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

R E P O R T

TO: Claude G. Rhorer, Jr., Director *CR*
Division of Utility Engineering
and Services

THRU: E. Scott Smith, Chief Engineer *ESS.*
Larry L. Amburgey, Investigator Supervisor *LA*

FROM: Jeffrey M. Schroeder
Utility Investigator

DATE: July 2, 1986

RE: Annual Comprehensive Inspection of Salyersville Gas
Company

BRIEF

On June 9 and 10, 1986, I conducted a comprehensive inspection of Salyersville Gas Company (Salyersville) located in Salyersville, Kentucky.

Salyersville is an intrastate natural gas utility operating in the Commonwealth of Kentucky.

INSPECTION

On June 9, 1986, I met with Mr. Grady Conley, President of Salyersville, to review the records of the system. Salyersville does have maps for the system, however, no maintenance records are kept. Also, Salyersville is deficient with its Operating and Maintenance Plan and Emergency Plan. All deficiencies will be listed in this report.

The following day I returned to inspect the field facilities of Salyersville. One major area of concern is the lack of protection at the two regulator stations. It is almost impossible to lock the bypass and the relief valves without a building.

REPORT - Salyersville Gas Company
Page Two
July 2, 1986

Salyersville needs to construct a secure building for protecting the equipment and to prevent atmospheric corrosion. Warning signs must be placed at these two locations. The entire system was covered during this inspection.

FINDINGS

After a review of my notes the following deficiencies or violations were found.

1. Operation and Maintenance Plan does not exist.
[807 KAR 5:022, Section 13(3)]
2. Emergency Plan does not exist. [807 KAR 5:022, Section 13(9)]
3. Procedures for continuing surveillance and procedures for investigation of failures do not exist. These procedures can be a part of the company's O & M Plan. [807 KAR 5:022, Section 13(7) and (10)]
4. System is patrolled, however, records do not exist.
[807 KAR 5:022, Section 14(12)]
5. Annual maintenance is not performed on regulators and relief valves. However, the relief valves set pressure is checked but not recorded. [807 KAR 5:022, Section 14(21)]
6. Main line valves are not inspected. [807 KAR 5:022, Section 14(25)]

REPORT - Salyersville Gas Company
Page Three
July 2, 1986

7. Odorant checks are not taken weekly as required.
[807 KAR 5:022, Section 13(17)]
8. Damage Prevention Program does not exist. [807 KAR
5:022, Section 13(8)]
9. Line markers or warning signs need to be placed at
aboveground piping at regulator stations. [807 KAR
5:022, Section 14(5)]
10. Annual Leak Report for 1985 has not been completed.
[807 KAR 5:027, Section 7]

RECOMMENDATION

Salyersville Gas has repeatedly been cited for many of these violations. It is therefore recommended that a show cause order accompany this report ordering Salyersville to present to the Commission, if it can, reasons why they need not comply with state regulations or be penalized for not correcting repeated violations.

Respectfully submitted,

Jeffrey M. Schroeder
Jeffrey M. Schroeder
Utility Investigator

JMS/lr