

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'S REGULATIONS)

O R D E R

On September 26, 1986, the Commission issued an Order directing Salyersville Gas Company ("Salyersville") to appear and to show cause why it should not be fined for repeated violations of the Commission's regulations, and to demonstrate what corrective actions it intends to take to comply with the Commission's regulations. Attached as Appendix A to that Order was a copy of a staff inspection report dated July 2, 1986, listing several violations to the Commission's pipeline safety regulations found during a June 9 - 10, 1986, safety inspection.

A hearing was conducted by the Commission on October 22, 1986. Representing Salyersville and appearing as a witness was William Grady Conley, president. The decision of the Commission is based upon testimony by Mr. Conley and documents available in the Commission's offices.

COMMENTARY

During the course of a 1986 safety inspection by a staff utility investigator, Salyersville was found deficient in compliance with the Commission's regulations, particularly its gas safety regulations (807 KAR 5:022). Due to Salyersville's

repeated violations of the Commission's regulations, this show cause proceeding was initiated. Salyersville was cited for non-compliance with the requirements of 807 KAR 5:022, Section 13(3), Operation and Maintenance Plan; 807 KAR 5:022, Section 13(9), Emergency Plan; 807 KAR 5:022, Section 13(8), Damage Prevention Program; 807 KAR 5:022, Section 13(7), Procedures for continuing surveillance; 807 KAR 5:022, Section 13(10), Procedures for investigation of failures; 807 KAR 5:022, Section 14(12), Patrolling; 807 KAR 5:022, Section 14(21), Inspection and testing of regulators and relief valves; 807 KAR 5:022, Section 14(25), Valve maintenance; 807 KAR 5:022, Section 13(17), Odorization of gas; 807 KAR 5:022, Section 14(5), Line markers; and 807 KAR 5:027, Section 7, Annual Leak Report. Without adequate, up-to-date records relating to maintenance and other activities, the Commission cannot determine whether required actions have been completed or have been performed regularly.

At the hearing Salyersville presented to the Commission an Operating and Maintenance Plan, filed as Exhibit 1, which included a damage prevention program, procedures for continuing surveillance, procedures for investigation of failures and an emergency plan. These documents have been reviewed by the Commission staff and were determined to be incomplete and inconsistent with the Salyersville system. While the Commission recognizes the efforts Salyersville has made in preparing these plans, significant modifications must be made to make them up-to-date and more compatible with the Salyersville system.

Salyersville testified that the system is patrolled, annual maintenance on regulators and relief valves is performed, the main line valves are inspected, and odorant checks are made as required, but no records are kept. Salyersville also stated that it had failed to file the Annual Leak Report for 1985.

Salyersville admitted that records have not been kept as prescribed by 807 KAR 5:022. Salyersville has been cited previously for many of the same deficiencies. The Commission is of the opinion that Salyersville has shown a consistent disregard for the Commission's regulations and finds it necessary to levy a fine against Salyersville for the reasons stated herein.

FINDINGS AND ORDERS

After reviewing the records and being advised, the Commission is of the opinion and hereby finds that:

1. The safety inspection conducted on June 9 - 10, 1986, found Salyersville in violation of numerous regulations of the Commission.
2. Salyersville has repeatedly been cited for many of these same violations.
3. Salyersville should file with the Commission a revised copy of its Operation and Maintenance Plan that is compatible with its system. This Plan should also include a damage prevention program, procedures for continuing surveillance, procedures for investigation of failures, and an emergency plan.
4. Salyersville should file with the Commission a copy of the completed map of the system.

5. A fine should be levied against Salyersville in the amount of \$5000 for its failure to comply with the Commission's record-keeping regulations. The \$5000 is based upon five separate safety related violations of the Commission's record-keeping regulations.

6. Salyersville should issue a check to the Commission in the amount of \$2500 payable to the State Treasurer within 30 days of the date of this Order. A report detailing its efforts to comply with the Commission's requirements should be filed with the check. The remaining \$2500 in fines shall be payable contingent upon Salyersville's compliance with the Commission's record-keeping regulations and the determination made in the follow-up inspection. The follow-up inspection will be conducted on January 27, 1987. Disregard of this Order may result in additional penalties.

IT IS THEREFORE ORDERED that:

1. Within 30 days of the date of this Order, Salyersville shall submit to the Commission a revised copy of its Operating and Maintenance Plan, including a damage prevention program, procedures for continuing surveillance, procedures for investigation of failures, and an emergency plan.

2. Within 20 days of the date of this Order, Salyersville shall submit to the Commission a copy of the completed system map.

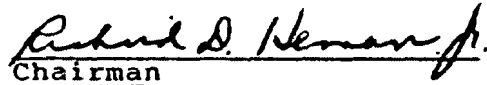
3. Salyersville shall remit to the Commission within 30 days the sum of \$2500 for its failure to comply with the Commission's record-keeping regulations.


4. Assessment of the remaining \$2500 in fines shall be contingent upon Salyersville's compliance with this Order.

5. Salyersville shall within 30 days submit a report to the Commission detailing its efforts to comply with the findings in the inspection report of July 2, 1986.

Done at Frankfort, Kentucky, this 12th day of January, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director