

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE ALLEGED)	
DEFICIENCIES OF MEADES BRANCH)	CASE NO. 10375
GAS AND WATER)	

ORDER TO SHOW CAUSE

Mr. Kay Pigmon, an individual doing business as the Meades Branch Gas and Water ("Meades Branch"), owns, operates, and manages facilities used in connection with the distribution, sale, and furnishing of natural gas to the public for compensation. He is a utility as defined by KRS 278.010.

KRS 278.280 authorizes the Commission to prescribe rules for the performance of any service furnished or supplied by a utility. Pursuant to this authority, the Commission has promulgated a rule, codified at 807 Kentucky Administrative Regulations ("KAR") 5:022, which establishes the minimum safety standards for the operation of natural gas utilities.

On November 13, 1987, an Order was entered in Case No. 9438, Kentucky Public Service Commission vs. Kay Pigmon, d.b.a. Meades Branch Gas and Water Company, representing the culmination of a show cause proceeding in which Meades Branch was found to be in noncompliance with Commission regulations. The Order required Meades Branch to perform certain actions to comply with 807 KAR 5:022 (Gas Safety) and to file certain information in compliance with 807 KAR 5:006, Section 3(3), and 807 KAR 5:011 (Tariffs).

Attached as Appendix A to the November 13, 1987 Order was a copy of the inspection report which described the results of an October 3, 1987 safety inspection conducted by a Commission gas safety investigator. While certain violations were cited, the inspection also determined that Meades Branch had achieved some progress toward compliance with the Commission's gas safety regulations.

The Order, attached as Appendix A to this Order, required Meades Branch to correct certain deficiencies by November 30, 1987 and to file monthly progress reports summarizing all actions taken. April 30, 1988 was established as the final date for full compliance to Commission regulations. As of the date of this Order, the Commission has received no verbal or written response to either the Order or inspection report.

On January 4, 1988, a reminder letter was sent instructing Mr. Pigmon to respond with the required information by January 18, 1988. Since that date Staff has attempted numerous times to contact Mr. Pigmon by telephone with no success.

Since Mr. Pigmon has failed to provide the required information, the Commission is unable to determine whether the non-compliances regarding gas safety have been corrected. Such noncompliances are enumerated in the attached Appendix and relate to gas safety, including atmospheric corrosion on services and a two-inch pipeline; two services sharing one shut-off valve; one service with a shut-off valve not approved for gas service; no cathodic protection program; and two Class 1 leaks which required immediate repair.

The Commission is of the opinion that the alleged non-compliances to 807 KAR 5:022 stated herein represent potentially hazardous situations to the customers of Meades Branch. Therefore, the Commission on its own motion HEREBY ORDERS that:

1. Mr. Kay Pigmon, individually and as owner and operator of Meades Branch, shall appear before the Commission on October 26, 1988 at 1:30 p.m., Eastern Daylight Time, in Hearing Room #2 of the Commission's offices at Frankfort, Kentucky, for the purpose of presenting evidence concerning the operation of Meades Branch, specifically the alleged violations of 807 KAR 5:022, and of showing cause why he, individually, and Meades Branch should not be subject to the penalties prescribed in KRS 278.990, attached hereto as Appendix B, for failure to comply with the Commission's Orders and regulations.

2. Additionally, evidence should be given as to why some or all of the service connections should not be disconnected so as to ensure the safety of the system.

3. The record in Case No. 9438 be and it hereby is incorporated by reference into the record in this proceeding.

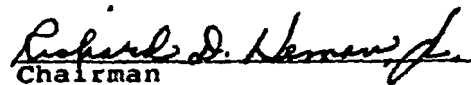
4. Mr. Pigmon shall notify in writing each Meades Branch customer of this proceeding. The notification shall consist of distributing a copy of this Order to Show Cause to each customer of Meades Branch Gas and Water. (Copies enclosed.)

5. Mr. Pigmon shall submit a written response to the allegations of the Commission Staff by the close of business 10 days from the date of this Order. Such written response shall

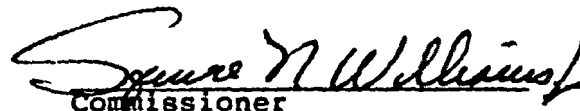
include an explanation of his failure to submit a proposed timetable for bringing the Meades Branch system into compliance as required by the Commission's Order of December 22, 1986. The written response shall also include a listing of the names and addresses of all Meades Branch customers.

Done at Frankfort, Kentucky, this 9th day of September, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director