

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COLUMBIA GAS OF)
KENTUCKY, INC. FOR AN ORDER AUTHORIZING) CASE NO. 9907
DEVIATION FROM 807 KAR 5:006, §23(4)(a)(3))

O R D E R

Columbia Gas of Kentucky, Inc. ("Columbia") filed an application ("application") with the Commission requesting a deviation from 807 KAR 5:006, Section 23(4)(a)3. After approximately 18 months of negotiations and several conferences, Columbia and Commission Staff ("Staff") have agreed upon a recommendation for the disposition of this case. The attached "Joint Stipulation and Recommendation" reflects all agreements reached between Columbia and Staff and has been presented to this Commission for consideration as the resolution of Case No. 9907.

BACKGROUND

During comprehensive safety inspections on 2 portions of Columbia's distribution system, Lexington (August 1986) and Maysville (October 1986), a gas safety investigator in the Commission's Gas Pipeline Safety Branch cited Columbia for noncompliance to 807 KAR 5:006, Section 23(4)(a)3. This regulation requires that the curb box on a service line shall be inspected for accessibility at intervals not to exceed one calendar year. In its responses to the inspection reports, Columbia stated that reference measurements exist for the location of all curb boxes; that

this information is included in a Service Line Data System ("SLDS") which is being computerized; and that while curb boxes at designated buildings (services in business districts) are inspected annually, curb boxes at residential services are inspected on a 5-year schedule.

Staff advised Columbia that its response could not be accepted as compliance; and that if Columbia intended to continue its current curb box inspection program, a deviation from the regulation would need to be granted by the Commission. On April 9, 1987, Columbia submitted an application requesting a deviation from 807 KAR 5:006, Section 23(4)(a)3.

COMMENTARY

Since April 1987, 5 informal conferences have been held between Staff and Columbia. During the period April 1987-May 1988, Columbia maintained the position stated in its application that the SLDS program assures that the curb box is accessible, and thus annual accessibility inspections are not necessary. In addition, Columbia stated that it is not unusual for curb boxes to be inadvertently covered between annual inspections; consequently, Columbia is of the opinion that its SLDS program is superior to annual inspection of curb boxes.

Staff sought to clarify certain elements of Columbia's application, particularly the SLDS program, to determine the extent to which Columbia's current program meets the intent of the regulation. In Staff's opinion, the intent of requiring an annual curb box accessibility inspection is that a means exists to terminate

service in an emergency under a worst-case scenario where the meter is inaccessible. This was the approach followed in Case No. 9607, Louisville Gas and Electric Company's ("LG&E") Failure to Comply with Curb Box Accessibility Requirements, in which the Commission granted LG&E a deviation from annual accessibility inspections on certain curb boxes. Staff had recommended the deviation be granted based upon LG&E's ability to demonstrate that in lieu of the curb box another means existed--a service tee with a positive shut-off device--to terminate service in an emergency when the meter is inaccessible.

Columbia agreed to revise its application to include a formal follow-up procedure to determine that a curb box repair had been completed; to broaden its definition of designated buildings; and to perform annual accessibility inspections on curb boxes at services with indoor meters. However, by May 1988 Staff had concluded that Columbia's current curb box inspection program could not meet the intent of the regulation. This conclusion was reached since Columbia acknowledged that reference measurements would need to be developed for some curb boxes; based upon results of 1988 safety inspections Columbia's reference measurements were inconsistent in determining a curb box location; and Columbia's inability to determine which services have a service tee with a positive shut-off device installed.

During the July 20, 1988 informal conference, Columbia presented a summary of the previous meetings and agreed to attempt to determine the locations where service tees with a positive shut-off device had been omitted or were under pavement. This

proposal was made after Staff and Columbia had agreed upon a definition for the term "accessibility" as used in 807 KAR 5:006, Section 23(4)(a)3, and what the accessibility inspection includes. Inspecting a curb box for accessibility means determining that the curb box is visible at or above grade, and does not include checking the curb valve for operability.

Columbia filed a revised application on September 27, 1988 in which it proposed to survey all of its services to determine whether a customer's meter is outside, whether the service tee is under pavement, and if the service line is installed with a positive shut-off device. As developed, this information would be the basis by which Columbia would classify its curb boxes: Class One, which requires annual accessibility inspections; and Class Two, which will be inspected for accessibility at the time of Columbia's 5-year leakage survey of customer service lines. Class One curb boxes are defined as:

1. All curb boxes required to be installed under 807 KAR 5:022, Section 9(17)(a)1.
2. All curb boxes connected to service lines with indoor meters.
3. All curb boxes connected to service lines that serve designated buildings. Designated buildings are defined as:
 - a. Any school, hospital, rest or nursing home, shopping center, government building, or recognized day-care center.
 - b. Any building in a business district.

c. Any building of public assembly that is occupied by 20 or more persons during normal use. Normal use is defined as occupancy on at least 5 days a week for 10 weeks in any 12-month period (days and weeks need not be consecutive).

Class Two curb boxes are those that are not classified as Class One pursuant to the definition herein, i.e., the curb box is not connected to a service line required to be installed under 807 KAR 5:022, Section 9(17)(a)1; connected to an indoor meter; or connected to a designated building.

Columbia has stated that a catch-up period, as required by LG&E, would be necessary to conduct the survey and classify its curb boxes.

After certain clarifications of the revised application were made by Columbia at Staff's request, Columbia proposed and subsequently submitted a Joint Stipulation and Agreement ("Stipulation") for review (attached as an Appendix). The Stipulation includes Columbia's proposals for a curb box accessibility inspection program as described in its revised application. Staff and Columbia agreed to the intent of the Stipulation on December 14, 1988.

The principal features of the Stipulation proposed to the Commission are as follows:

1. Columbia stipulates it has violated 807 KAR 5:006, Section 23(4)(a)3, and agrees to a fine in the amount of \$7,500.

2. The curb box accessibility inspection program will be implemented as stated in the Stipulation.

3. Implementation of the inspection program requires 2 deviations from 807 KAR 5:006, Section 23(4)(a)3, regarding annual inspections to the extent that:

a. A Class Two curb box will be inspected once every 5 years at the time of Columbia's 5-year leakage survey of the customer service line; and

b. A 3-year period from the date of this Order is allowed for Columbia to survey all of its services, develop the information necessary to classify all of its curb boxes, and become current with the required annual inspections.

4. Columbia recognizes that during the 3-year period as a curb box is classified Class One, it must be inspected at that time and each year thereafter.

5. All deficiencies reported regarding curb box locations, accessibility, measurements, etc., will be corrected by the end of the third calendar month following reporting. Completed correction orders will be retained by Columbia for 5 years.

The Commission is of the opinion that Columbia should be required to implement a curb box accessibility inspection program within similar parameters that the Commission required of LG&E in Case No. 9607. By proposing the inspection program submitted in the Stipulation, Columbia has accepted Commission guidelines ordered in Case No. 9607 as the basis on which the Commission would consider the deviations requested.

The Commission concludes that Columbia's proposed inspection program for accessibility of curb boxes meets the intent of Commission gas safety regulations. Therefore, the Commission will

approve deviations from 807 KAR 5:006, Section 23(4)(a)3, regarding annual inspections in that Class Two curb boxes, as described herein, will be inspected at the time of Columbia's 5-year leakage survey of customer service lines; and a 3-year period from the date of this Order will be allowed for Columbia to survey all of its services, develop the information necessary to classify all of its curb boxes, and become current with annual inspections as required.

FINDINGS AND ORDERS

After a review of the record and being advised, the Commission is of the opinion and finds that:

1. Columbia has violated 807 KAR 5:006, Section 23(4)(a)3 by failing to conduct annual curb box accessibility inspections.

2. The Joint Stipulation and Recommendation sets forth Columbia's accessibility inspection program which provides for the classification of all curb boxes in Columbia's distribution system and the systematic inspection of each.

3. Each Class One curb box as defined herein will be inspected annually after the initial classification and inspection and each Class Two curb box will be inspected for accessibility at the time of Columbia's 5-year leakage survey of customer service lines. Columbia should indicate to the Commission the status of the inspection and program by filing periodic status reports until all Class One curb boxes are inspected in a single year.

4. The accessibility inspection program for curb boxes as set forth herein and as further detailed in the Joint Stipulation

and Recommendation satisfies the intent of the Commission's gas safety regulation by providing a means to terminate gas service in an emergency where the meter is inaccessible.

5. Columbia should be granted two deviations from the requirements of 807 KAR 5:006, Section 23(4)(a)3, as set forth in ordering paragraph 3, below, and approval to implement its accessibility inspection program for curb boxes.

6. The Joint Stipulation and Recommendation should be approved and adopted including the assessment of a fine of \$7,500 for Columbia's failure to comply with the requirements of 807 KAR 5:006, Section 23(4)(a)3.

IT IS THEREFORE ORDERED that:

1. The Joint Stipulation and Recommendation, attached and incorporated hereto, be and it hereby is approved.

2. Columbia shall implement the accessibility inspection program for curb boxes as proposed in the Joint Stipulation and Recommendation and shall inform the Commission of the status of the program by filing periodic status reports. Said reports shall be due annually on and after the date of this Order and shall be required until such time as all Class One curb boxes are inspected annually.


3. Columbia shall be granted deviations from 807 KAR 5:006, Section 23(4)(a)3 consistent with the implementation of its accessibility inspection program for curb boxes. Columbia shall be allowed 3 years from the date of this Order to classify its curb boxes and to conduct initial inspections of all Class One curb boxes. As each Class One curb box is identified it shall be

inspected at that time and each year thereafter. Columbia shall inspect all Class Two curb boxes at the time of the 5 year leakage survey of customer service lines.

4. Columbia is assessed a fine of \$7,500 for its failure to comply with 807 KAR 5:066, Section 23(4)(a)3. The penalty amount shall be due within 60 days of the date of this Order, made payable to the Kentucky State Treasurer and mailed to the Office of General Counsel, Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602.

Done at Frankfort, Kentucky, this 25th day of January, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of the Application)
of Columbia Gas of Kentucky, Inc.)
for an Order Authorizing Deviation)
From 807 KAR 5:006,)
Section 23 (4)(a)(3))

Case No. 9907

JOINT STIPULATION AND RECOMMENDATION

On September 25, 1986, the Commission issued its Annual Comprehensive Inspection Report of Columbia Gas of Kentucky, Inc. (Report), pursuant to Paragraph 5(a) of the agreement between the Commission and the U.S. Department of Transportation, Office of Pipeline Safety. Said Report contained three deficiency findings, one being that, "Columbia has curb box locations on file; however, it only locates them for accessibility every 5 years during its service line inspection." This was found to violate 807 KAR 5:006, Section 23(4)(a)(3), which requires that curb boxes be inspected annually for accessibility.

By letter dated October 29, 1986, Columbia Gas of Kentucky, Inc. (Columbia) responded to the deficiencies noted in the Report. On January 9, 1987, the Commission's Director of the Division of Utility Engineering and Services informed Columbia that in order for Columbia's program to be accepted, a deviation from 807 KAR 5:006, Section 23(4)(a)(3) must be granted by the Commission.

On April 9, 1987, Columbia filed with the Commission an application that sought approval of a proposed curb box inspection program and an Order authorizing deviation from 807 KAR 5:006, Section 23(4)(a)(3).

In the months following the filing of the application, Columbia and the Staff of the Public Service Commission (Staff) met on numerous occasions in order to formulate a mutually acceptable curb box inspection program. As a result of revisions agreed to during these informal conferences, Columbia filed a revised application on September 27, 1988.

807 KAR 5:001, Section 4(6) provides that parties to any proceeding or investigation may agree upon the facts involved in the proceeding, and such written stipulations shall be regarded and used as evidence at hearing. 807 KAR 5:001, Section 4(4) further contemplates that the issues in any Commission proceeding may be settled by the mutual agreement of parties.

It is the intent and purpose of Columbia and Staff to express their agreement on a mutually satisfactory resolution of all of the issues in the instant case. It is understood by all parties hereto that this Stipulation and Recommendation is not binding upon the Commission. It is the position of the parties hereto that this Stipulation and Recommendation is supported by sufficient and adequate data and information, and is entitled to serious consideration by the Commission. Based upon the parties' participation in informal conferences and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1. Columbia has not been in full compliance with accessibility standards for curb boxes, and a revised program is needed in order to improve said accessibility standards for curb boxes.

2. Columbia intends to implement a revised curb box inspection program, described below, that will permit it to satisfy the intent of said rule -- i.e., to ensure that gas service can be readily terminated from an exterior location during times of emergency.

3. Columbia should be permitted to implement the following curb box program:

a) There shall be two classes of curb boxes, Class One and Class Two. Class One curb boxes will be inspected for accessibility at intervals not exceeding fifteen months, but at least once each calendar year. Class Two curb boxes will be inspected for accessibility at the time of Columbia's five year leakage survey of customer service lines.

1) For both classes of curb boxes, inspecting a curb box for accessibility shall be defined as determining that a curb box is visible and above grade. Inspecting a curb box for accessibility does not require a check for operability of the curb valve.

2) Columbia's computer records shall note the classification of all of Columbia's curb boxes.

3) If the classification of a curb box changes, the curb box shall at the time of the change in classification become subject to the inspection requirements of the revised classification.

b) Class One curb boxes include the following:

1) All curb boxes required to be installed under 807 KAR 5:022, Section 9(17)(a)(1);

2) All curb boxes connected to service lines with indoor meters; and

3) All curb boxes connected to service lines that serve "designated buildings." For the purposes of this curb box inspection program, designated buildings are defined to include:

a) Any school, hospital, rest or nursing home, shopping center, government building, or recognized day care center;

b) Any building in a business district; and

c) Any building of public assembly that is occupied by 20 or more persons during normal use. Normal use is defined as "on at least 5 days a week for 10 weeks in any 12-month period (days and weeks need not be consecutive)."

- c) Class Two curb boxes are those curb boxes that are not classified as Class One curb boxes pursuant to the above definition -- i.e., the curb box is not: connected to a service line required to be installed pursuant to 807 KAR 5:022, Section 9(17)(a)(1); connected to an indoor meter; or connected to a designated building.
- d) Columbia cannot, for all service lines, currently determine from its computer records whether a service line tee is under pavement and whether the service line has a positive shut-off device. Columbia must, however, obtain such data in order to classify its curb boxes into the aforementioned two classes. This data will be obtained in the manner described in the following two paragraphs.
- 1) In order to obtain the needed data regarding tees, Columbia will survey all of its service lines in order to determine whether or not the tees are under pavement. During the survey, Columbia will also verify the curb box reference measurements contained in its Service Line Data System. Columbia requests that it be granted a three-year catch-up period (from the data of the Commission's Order) in which to survey all of its service lines.
 - 2) With regard to positive shut-off devices, Columbia has always installed positive shut-off devices on plastic service lines, and Columbia's records do indicate which service lines are plastic.

Furthermore, service lines, plastic and steel, installed by Columbia after 1967, were installed with positive shut-off devices. For purposes of the curb box inspection program, Columbia will therefore assume that all steel service lines installed after 1967 were installed with a positive shut-off device, and steel service lines installed prior to 1968 were installed without a positive shut-off device.

- e) Columbia will issue plant/-service orders to correct all deficiencies reported regarding curb box locations, accessibility, measurements, etc. Deficiencies shall be corrected by the end of the third calendar month following reporting. Acceptable methods of correcting deficiencies shall include repair or replacement of the curb box, or removal of the curb box where permitted by the Commission's regulations. Completed plant/service orders shall be retained by Columbia for five years. The District Plant Manager or his designee shall be responsible for the curb box inspection program.

4. Columbia estimates that approval of the revised curb box inspection program described herein will result in the incurrence of additional annual expenditures of approximately \$120,000. If required to comply with the rule without deviation, Columbia estimates that it would incur additional annual expenses in excess of \$220,000. Thus, adoption of Columbia's revised curb box inspection program will result in an annual cost-avoidance of approximately \$100,000.

5. Since the above-described curb box inspection program satisfies the intent of 807 KAR 5:006, Section 23(4) (a) (3), good cause exists for granting a deviation from said rule. Columbia should be permitted to deviate from the rule to the extent that:

- a) Class Two curb boxes will not be inspected annually; and
- b) Columbia will require a three year catch-up period (from the date of the Commission's Order) in which to survey all of its service lines, and thus classify all of its curb boxes as being in either Class One or Class Two.

However, once a curb box has been classified , it is immediately subject to the annual accessibility inspection provisions detailed herein.

6. A fine of \$15,000 shall be assessed against Columbia due to its previous violation of 807 KAR 5:006, Section 23(4) (a) (3); however, due to Columbia's diligence in developing an acceptable curb box inspection program, one half of the fine is to be forgiven, and Columbia shall be required to pay only \$7,500 of said fine.

7. If this Stipulation and Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon all or any matters involved herein, and that in such event the terms of this agreement shall not be deemed binding upon the parties hereto.


8. Both Columbia and Staff agree that the foregoing Stipulation and Recommendation is reasonable and is in the public interest, and urge that the Commission adopt this agreement in its entirety.

AGREED, This 12th day of December, 1988.



STEPHEN B. SEIPLE, Attorney

On behalf of
Columbia Gas of Kentucky, Inc.



Rebecca W. Goodman
Staff Attorney
On behalf of the Staff of the
Public Service Commission