

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JEFFERSON GAS TRANSMISSION CO., INC.))	
_____))	CASE NO.
ALLEGED FAILURE TO COMPLY WITH))	93-020
COMMISSION REGULATION 807 KAR 5:022))	

O R D E R

On January 21, 1993, Jefferson Gas Transmission Co., Inc. ("Jefferson Gas") was directed by Order to appear before the Commission to show cause why it should not be penalized pursuant to KRS 278.990 for failure to comply with Commission regulations. The Order arose out of an incident report by an investigator for the Commission of an accident involving a natural gas pipeline owned by Jefferson Gas. As a result of the investigation, the investigator concluded that Jefferson Gas had violated the provisions of 807 KAR 5:022, Section 14(5)(a)(2), by failing to mark the location of the pipeline in the manner prescribed by the regulation. A hearing was held before the Commission on February 24, 1993 at which Jefferson Gas appeared and was represented by counsel.

FINDINGS OF FACT

Jefferson Gas is a Kentucky corporation engaged in the operation of facilities used in gathering, processing, and transporting natural gas to the public for compensation. As part of its operation, Jefferson Gas owns and operates a six-inch transmission line that originates in Breathitt County and continues

through Wolfe and Morgan counties. The transmission line is approximately 33 miles long and is used to furnish gas to 50 "farm tap" customers, one local distribution company with 20 to 25 customers, and one commercial customer.

Locust Grove Coal Company, Inc. ("Locust Grove") is a corporation engaged in surface mining operations in Wolfe County. On September 2, 1992, an employee of Locust Grove struck a gas transmission line owned by Jefferson Gas while operating a bulldozer causing the line to rupture and leak. The accident took place in an area of Wolfe County where Locust Grove was constructing a silt pond as part of its surface mining operations. The line was not marked at the accident site.

Locust Grove first informed Jefferson Gas of its plans to mine coal in the vicinity of the gas line sometime in April or May 1992. Jefferson Gas then requested and received from Locust Grove's engineers a map of the area they intended to mine. Jefferson Gas reviewed the map and found that the gas line was not shown in its proper location. Locust Grove amended the map to reflect the proper location of the gas line in the area Locust Grove intended to mine, otherwise known as the "permit area."

Although Jefferson Gas was concerned about the mine operation, it was apparently satisfied from the amendment of the map that Locust Grove was at least aware of the gas line's location within the permit area. To protect that section of the line, Jefferson Gas installed markers to mark the location of the pipeline in the permit area. In conducting its actual mining

operations, however, Locust Grove did not confine itself to the permit area, and it was at a site outside the permit area where the accident occurred.

The accident took place in a remote area of Wolfe County where the gas line runs in an east-west direction. The silt pond, then under construction, is located just north of the accident site and a barn is located a short distance to the south. From the site of the accident, the gas transmission line runs only a short distance to the east then makes a 45 degree turn and runs in a northeasterly direction to a ridge where it emerges and continues above ground. A gas line marker identifies the transmission line at the point on the ridge where it goes underground. The only other line marker in the area is located a long distance west of the site of the accident. Neither marker was visible from the other.

At the point where the transmission line goes underground there is nothing to indicate that the line makes a 45 degree turn below the ridge. Therefore, anyone standing by the marker at that point who is not familiar with the location of the line and does not know the change it makes in direction would probably assume that the line continued in a straight line past the barn rather than cross the accident site. For that reason, the inspector was of the opinion that the location of the line was misleading and should have been marked. The failure to do so was cited as a violation of 807 KAR 5:022, Section 14(5).

CONCLUSIONS OF LAW

807 KAR 5:022, Section 14(5), provides in relevant part as follows:

- (5) Line markers for mains and transmission lines. (a) Buried pipelines. Except as provided in paragraph (b) of this subsection, a line marker shall be placed and maintained as close as practical over each buried main and transmission line:
2. Wherever necessary to identify the location of the transmission line or main to reduce the possibility of damage or interference.

Although Jefferson Gas admits that the line was not marked at the site of the accident, it maintains that because of the remote location of the accident site, the failure to mark the line was not a violation of the regulation.

Clearly, the regulation does not require gas transmission companies to mark the location of all their pipelines. Marking is only required where the possibility of damage to the line makes it "necessary to identify [the] location." The issue before the Commission is whether failure of Jefferson Gas to mark its pipeline at the site of the accident was a violation of the regulation.

Under normal circumstances, because of its remote location, it is unlikely that the buried pipeline would ever be disturbed. The circumstances were altered, however, by the mining operation which placed the line in jeopardy.

Surface coal mining operations are required by KRS 350.060 to be conducted within the permit area. Because the accident site was outside the permit area in a remote area of the county, Jefferson Gas had no reason to know or suspect that Locust Grove would be

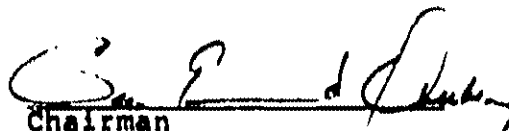
conducting mining operations at the site. Therefore, Jefferson Gas had no reason to believe that its pipeline at the site of the accident was in any jeopardy and its failure to mark the line was not a violation of the regulation.

This Commission being otherwise sufficiently advised,

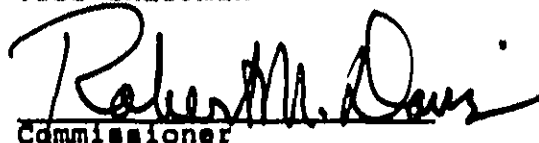
IT IS ORDERED that the failure of Jefferson Gas to identify the location of its gas transmission line where Locust Grove was conducting surface mining operations outside of its permit area was not a violation of 807 KAR 5:022, Section 14(5), and no penalty shall be assessed.

Done at Frankfort, Kentucky, this 26th day of May, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director