

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MAGOFFIN GAS COMPANY, INC. AND DONALD)
A. COHEN)
)
) CASE NO.
) 93-042
_____)
)
ALLEGED FAILURE TO COMPLY WITH)
COMMISSION REGULATIONS)

SHOW CAUSE ORDER

Magoffin Gas Company, Inc. ("Magoffin Gas") is an incorporated utility engaged in providing natural gas service to the public for compensation and as such is a local distribution company under the jurisdiction of the Public Service Commission. KRS 278.010(3)(b), KRS 278.040. Donald A. Cohen is the vice president of Magoffin Gas.

On August 7, 1991, a compliance inspection was made of Magoffin Gas's operations by the Commission's Division of Engineering. The findings of that inspection were reduced to a report attached hereto and incorporated herein as Appendix A and sent to Magoffin Gas on August 20, 1991. Magoffin Gas was directed to respond to the report by September 17, 1991. However, its response was not filed until November 18, 1992. In its 1992 response, Magoffin Gas does not address those deficiencies noted in Appendix A; nor does it indicate that any compliance measures have been taken to address those deficiencies. As a result, Magoffin Gas was reinspected on December 21, 1992 and the report attached as

Appendix B was prepared. As indicated in the report, Magoffin Gas was previously cited for six violations of applicable state and federal regulations. Those six violations remain to this date.

KRS 278.080 authorizes the Commission to prescribe rules for the performance of any service furnished or supplied by a utility. Commission Regulation 807 KAR 5:022, Section 10, Section 13 and Section 14, sets forth requirements regarding operation and maintenance of local distribution companies. Commission Regulation 807 KAR 5:006, Section 3, sets out general requirements for the filing of meter testing reports. In addition, the Commission inspects gas utilities for compliance with 49 CFR Part 199 and Part 40, pursuant to its agreement with the U.S. Department of Transportation, Office of Pipeline Safety. Magoffin Gas is found to be deficient with respect to Part 199 and Part 40 in that no drug prevention program has been implemented.

The Commission finds from Appendices A and B that a prima facie showing has been made that Magoffin Gas and Donald A. Cohen, individually, have violated provisions of 807 KAR 5:006, 807 KAR 5:022, and 49 CFR Part 199 and Part 40, by failing to adhere to lawful requirements governing the operation and maintenance of gas utilities.

IT IS THEREFORE ORDERED that:

1. Donald A. Cohen, on his own behalf and on behalf of Magoffin Gas, shall by written response to the allegations contained herein show cause why he should not be penalized pursuant to KRS 278.990(1) for failing to comply with 807 KAR 5:006 and 807

KAR 5:022. Said written response shall be filed with the Commission no later than 30 days from the date of this Order.

2. Donald A. Cohen, individually and on behalf of Magoffin Gas, shall appear, represented by counsel, at an informal conference scheduled for March 25, 1993, at 1:30 p.m., Eastern Standard Time, in Conference Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, and shall bring an employee and/or officer of Magoffin Gas familiar with the operations of the gas company to address the allegations contained herein.

3. Donald A. Cohen, individually and on behalf of Magoffin Gas shall appear, represented by counsel, at a hearing scheduled for April 15, 1993, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, to show cause, if any he can, why he should not be penalized pursuant to KRS 278.990(1) for failure to comply with applicable regulations.

Done at Frankfort, Kentucky, this 9th day of February, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 93-042 DATED 2/9/93COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

Magoffin Gas Company

August 20, 1991

BRIEF

A comprehensive inspection of Magoffin Gas Company (Magoffin) was conducted on August 7, 1991. This inspection was conducted in accordance with the Public Service Commission's program of inspecting all local gas distribution companies under its jurisdiction. Magoffin was represented by Robert Conley during this inspection.

INSPECTION

A review was made of Magoffin's Operating and Maintenance Plan, Emergency Plan, and Damage Prevention Plan during the office portion of the inspection. Also during the office visit, records were reviewed concerning the leak survey, system patrolling, odorization, valve maintenance, regulator maintenance, meter history, and meter tests. Five deficiencies were found during this portion of the inspection.

During the field inspection, a partial leak survey was conducted along with checks on regulator and relief valves, main line valves, and residential and commercial meter settings. Pipe-to-soil readings were also taken on the steel portions of the system. One deficiency was found during the field inspection.

FINDINGS

1. No Drug Prevention Program, 49 CFR Part 199 and Part 40.

2. Meter test reports not filed for 1990, 807 KAR 5:006, Section 3(2).
3. Low pipe-to-soil readings on steel line in Royalton, and no corrosion control on the Ivyton line, 807 KAR 5:022, Section 10.
4. No current list of contractors, 807 KAR 5:022, Section 13(8).
5. No established maximum allowable operating pressure (MAOP), 807 KAR 5:022, Section 13(11).
6. No records for annual maintenance of regulators, 807 KAR 5:022, Section 14(21).

RECOMMENDATIONS

It is recommended that Magoffin:

1. Implement a Drug Prevention Program.
2. File with the Commission the meter test report for 1990.
3. Find and correct the problems causing the low pipe-to-soil readings on the Royalton line. Cathodically protect the Ivyton line. (It should be noted that Magoffin has attempted to cathodically protect this system in the past without much success. If the system is not successfully protected this time, disciplinary action may be taken by the Commission.)
4. Maintain and update as required a list of contractors operating in the area.

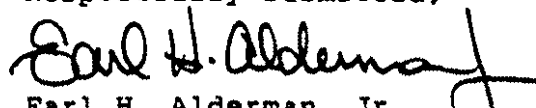
Report - Magoffin Gas Company
Page 3
August 20, 1991

5. Establish a MAOP for the system. This record must be maintained for the life of the pipe.

6. Perform annual maintenance on all system regulators.

It is further recommended that a copy of this report be sent to Magoffin directing that it respond by September 17, 1991 with a schedule of compliance to the deficiencies cited for Commission approval.

Respectfully submitted,


Earl H. Alderman, Jr.
Utility Investigator

LLA
EHL

EHA/ml1

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

FOLLOW-UP INSPECTION REPORT

Magoffin Gas Company

December 21, 1992

BRIEF

A follow-up inspection of Magoffin Gas Company (Magoffin) was conducted on November 17, 1992. The purpose of this inspection was to check on the progress made by Magoffin concerning the deficiencies noted in the August 20, 1991 comprehensive inspection report.

INSPECTION

During the inspection, I reviewed all the recommendations that were made in the comprehensive inspection report with the Magoffin maintenance employees.

FINDINGS

The following recommendations were made in the August 20, 1991 comprehensive inspection report:

1. Implement a Drug Prevention Program.
This has not been done.
2. File with the Commission the meter test report for 1990.
This has not been done.
3. Find and correct the problems causing the low pipe-to-soil readings on the Royalton line. Cathodically protect the Ivyton line. (It should be noted that Magoffin has attempted to cathodically protect this system in the past without much success. If the system is not successfully

protected this time, disciplinary action may be taken by the Commission.

This has not been done.

4. Maintain and update as required a list of contractors operating in the area.

This has not been done.

5. Establish a MAOP for the system. This record must be maintained for the life of the pipe.

This has not been done.

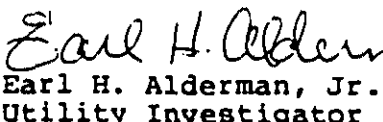
6. Perform annual maintenance on all system regulators.

This has not been done.

RECOMMENDATIONS

It is recommended that the Commission consider action against Magoffin Gas for failure to comply with Commission regulations.

Respectfully submitted,


Earl H. Alderman, Jr.
Utility Investigator

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