

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BEATTYVILLE HOUSING AUTHORITY)
)
_____) CASE NO. 96-315
)
VIOLATIONS OF COMMISSION REGULATIONS 807)
KAR CHAPTER 5)

O R D E R

Commission Gas Safety Investigators conducted a comprehensive inspection of the Beattyville Housing Authority on January 25, 1996. Beattyville Housing Authority operates a master meter system and is subject to the safety jurisdiction of this Commission pursuant to KRS 278.040 and KRS 278.495. Beattyville Housing Authority is also subject to the Commission's authority as an agent of the United States Department of Pipeline Safety for compliance with the Natural Gas Act of 1968, 49 CFR Chapter 1, Part 192.

The Commission Investigators inspected the facilities used by Beattyville Housing Authority to deliver gas to the housing complex and further, conducted an office inspection to ensure compliance with all record keeping requirements. All deficiencies noted in the 1996 report, which is attached as Appendix A, are related to the office inspection. The deficiencies noted in the 1996 report were also noted in Beattyville Housing Authority's last inspection in 1993. The 1993 inspection report is attached as Appendix B. Beattyville Housing Authority did not file a response to the 1993 report.

Eight deficiencies were cited in the 1993 report and were found to be continuing during the 1996 inspection. Those deficiencies are 807 KAR 5:022: Section 4(30) no overpressure protection on the pipelines which are fed from the storage tank; Section 13(2)(b) no written operating and maintenance plan; Section 13(7) no procedures for continuing surveillance; Section 13(9)(a) no written emergency plan for the gas system; Section 13(10) no established procedures for investigating failures; Section 13(11) no established maximum allowable operating pressure; Section 14(12) no records to show patrolling has taken place; and Section 14(25) no annual maintenance on main line valves.

Four additional deficiencies pursuant to 807 KAR Chapter 5 were noted in the 1996 report: 807 KAR 5:022, Section 14(13) no leak surveys and Section 14(21) no annual maintenance of regulators and relief valves; 807 KAR 5:006, Section 22 no system map is maintained and Section 24 no safety program has been established.

From the facts alleged, the Commission finds a prima facie showing has been made that Beattyville Housing Authority has violated the above-cited regulations and that at least eight of the violations have been continuing unabated since 1993. KRS 278.992 provides that any person who violates any Commission regulation governing the safety of pipeline facilities shall be subject to a civil penalty not to exceed \$10,000 for each violation for each day the violation persisted, not to exceed \$500,000 for any related series of violations.

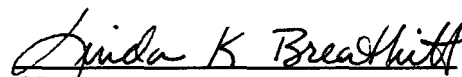
IT IS THEREFORE ORDERED that:

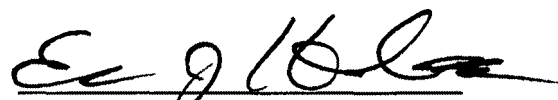
1. Beattyville Housing Authority shall appear before the Commission represented by counsel, on August 13, 1996 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, to show cause why civil fines of up to \$500,000 should not be assessed for the violations noted in this Order.

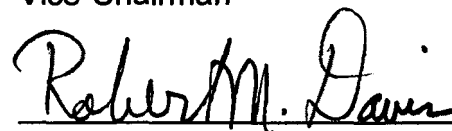
2. Beattyville Housing Authority shall file with the Commission a written response to the inspection reports in Appendices A and B to this Order no later than July 31, 1996.

Done at Frankfort, Kentucky, this 10th day of July, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 96-315 DATED JULY 10, 1996

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

HOUSING AUTHORITY OF BEATTYVILLE

January 29, 1996

BRIEF

A comprehensive safety inspection of the propane gas piping system of the Housing Authority of Beattyville ("Beattyville HA") was conducted on January 25, 1996. This inspection was conducted in accordance with the Public Service Commission's ("PSC") authority to inspect all jurisdictional operators. Natural gas and propane operators are jurisdictional to the PSC under KRS 278.040, 278.495 and also through a 5(a) Agreement with the United States Department of Transportation, Office of Pipeline Safety, for compliance to the Natural Gas Pipeline Safety Act of 1968.

INSPECTION

The Beattyville HA is a master meter operator receiving its gas from the Ferrell Gas Company. It then redistributes the gas throughout the housing project for various purposes: heat, hot water, and cooking.

A master meter system is defined in KRS 278.495 as a pipeline system for delivering gas within, but not limited to, a definable area such as a mobile home park, housing project or apartment complex where the operator purchases gas from an outside source for resale through a gas distribution system. The gas distribution pipeline system supplies the ultimate consumer who either purchases the gas directly or through other means, such as rent.

A review was made of the Beattyville HA's Operating and Maintenance Plan, Emergency Plan, and records relating to cathodic

protection and valve maintenance, leakage surveys and other pertinent records during the office portion of the inspection. Thirteen deficiencies were found during the office inspection and will be addressed in the findings section of this report.

During the field inspection, I conducted an inspection of the propane tank, services to the buildings, and residential meter settings. I was accompanied by Thomas Shelton on this inspection. No deficiencies were found during the field inspection.

FINDINGS

The following deficiencies were found during the office inspection:

1. No written Operating and Maintenance (O&M) Plan, 807 KAR 5:022, Section 13(2)(b).
2. No procedures for continuing surveillance, 807 KAR 5:022, Section 13(7).
3. No written Emergency Plan for the gas system, 807 KAR 5:022, Section 13(9).
4. No procedures for the investigation of failures, 807 KAR 5:022, Section 13(10).
5. No established maximum allowable operating pressure (MAOP), 807 KAR 5:022, Section 13(11).
6. No patrolling records, 807 KAR 5:022, Section 14(12).
7. No annual maintenance on main line valves, 807 KAR 5:022, Section 14(25).
8. No plan for reporting of safety-related condition procedures, 807 KAR 5:027, Section 10.

9. No annual maintenance of regulators and relief valves, 807 KAR 5:022, Section 14(21).

10. No map showing location and size of the natural gas system, 807 KAR 5:006, Section 22.

11. No leakage surveys have been conducted, 807 KAR 5:022, Section 14(13).

12. No safety program, 807 KAR 5:006, Section 24.

13. No overpressure protection on the pipelines which are fed from the storage tank, 807 KAR 5:022, Section 4(30).

RECOMMENDATIONS

It is recommended that Beattyville HA:

1. Prepare and follow a written Operating and Maintenance Plan.

2. Establish procedures for continuing surveillance of its gas system.

3. Write and be prepared to follow a written Emergency Plan for the gas system.

4. Prepare procedures for the investigation of failures and include them in the O&M Plan.

5. Establish a MAOP for the entire gas system.

6. Maintain patrolling as required.

7. Annually inspect all gas valves in the system and maintain the records.

8. Develop safety-related condition procedures.

9. Check regulators and relief valves annually.

10. Prepare a map showing the location and size of its gas facilities.

11. Conduct a leakage survey as soon as possible and at intervals not exceeding 5 years thereafter.

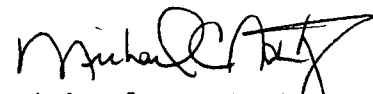
12. Develop a safety program for employees.

13. Install additional regulators at the storage tank to prevent overpressure of the system if the regulator fails.

It is also recommended that Beattyville HA utilize the training programs offered by the Kentucky Gas Association to further train its maintenance personnel. Information on these programs may be obtained by contacting Dr. Paul Lyons, Executive Secretary and Training Consultant, Kentucky Gas Association, P. O. Box 616, Murray, Kentucky, 42071 (502) 753-2151.

It is further recommended that a show cause hearing be considered to determine if a penalty should be assessed for non-compliance with Commission regulations cited in March 1993, in addition to the findings of the 1996 comprehensive inspection.

Respectfully submitted,


Michael C. Nantz
Gas Utility Investigator

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APPENDIX B
AN APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 96-315
DATED JULY 10, 1996



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY 40602
(502) 564-3940

March 12, 1993

Mrs. E. J. Caudill
Beattyville Housing Authority
736 Caudill Road
Beattyville, Kentucky 41311

Dear Mrs. Caudill:

Attached is a report of the 1993 comprehensive inspection of the propane gas facilities of the Beattyville Housing Authority, which was performed by Earl H. Alderman, Jr. on March 2, 1993.

Please respond to this report by April 12, 1993 outlining a correction schedule of the cited deficiencies for Commission approval.

If you have any questions or need additional information, please contact Earl H. Alderman, Jr. at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "E. Scott Smith".

E. Scott Smith, Manager
Gas Pipeline Safety Branch

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COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

Beattyville Housing Authority
Beattyville, Kentucky

March 12, 1993

BRIEF

A comprehensive inspection of the propane gas piping system of the Beattyville Housing Authority (Beattyville HA) was conducted on March 2, 1993, in accordance with the Public Service Commission's (PSC) policy of inspecting all jurisdictional operators. Propane gas piping systems are jurisdictional to the PSC under KRS 278.040 and also through a 5(a) agreement with the U.S. Department of Transportation, Office of Pipeline Safety, for the enforcement of the Natural Gas Pipeline Safety Act of 1968.

INSPECTION

The Beattyville HA is a master meter operator receiving its gas from a storage tank located on the housing authority property. It then redistributes the gas throughout the housing project for various purposes--heat, hot water, cooking, and boilers.

A master meter system is defined in 49 CFR Part 191.3 as a pipeline system for delivering gas within, but not limited to, a definable area such as a mobile home park, housing project, or apartment complex where the operator purchases gas from an outside source for resale through a gas distribution system. The gas distribution pipeline system supplies the ultimate consumer who either purchases the gas directly or through other means, such as rent.

This was the initial state inspection of this gas operator which was formerly under the jurisdiction of the U.S. Department of Transportation, Office of Pipeline Safety. The intent of this inspection and subsequent inspections of other master meter operators is to afford the residents of these master meter complexes the same standards of safety that are required of other gas operations.

Mrs. Caudill, Executive Director of the Beattyville Housing Authority, assisted me during this inspection.

FINDINGS

The following deficiencies were found:

1. No overpressure protection on the pipelines which are fed from the storage tank, 807 KAR 5:022, Section 4(30).
2. No curb stop valves, 807 KAR 5:022, Section 9(17)(a)1.
3. No written Operating and Maintenance (O&M) Plan, 807 KAR 5:022, Section 13(3).
4. No procedures for continuing surveillance, 807 KAR 5:022, Section 13(7).
5. No written Emergency Plan for the gas system, 807 KAR 5:022, Section 13(9).
6. No procedures for the investigation of failures, 807 KAR 5:022, Section 13(10).
7. No established maximum allowable operating pressure (MAOP), 807 KAR 5:022, Section 13(11).
8. No patrolling records, 807 KAR 5:022, Section 14(12).

9. No annual maintenance on main line valves, 807 KAR 5:022, Section 14(25).

RECOMMENDATIONS

It is recommended that the Beattyville HA:

1. Install additional regulators at the storage tank to prevent overpressure of the system if the regulator fails.
2. Install curb stop valves for all service lines.
3. Prepare and follow a written Operating and Maintenance Plan.
4. Establish procedures for continuing surveillance of its gas system.
5. Write and be prepared to follow a written Emergency Plan for the gas system.
6. Prepare procedures for the investigation of failures and include them in the O&M Plan.
7. Establish a MAOP for the entire gas system.
8. Maintain patrolling as required.
9. Inspect all gas valves in the system and maintain the records.

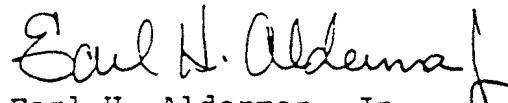
It is also recommended that the Beattyville HA utilize the training programs offered by the Kentucky Gas Association to further train its maintenance personnel. Information on these programs may be obtained by contacting Dr. Paul Lyons, Executive

Report - Beattyville Housing Authority
Page 4
March 12, 1993

Secretary and Training Consultant, Kentucky Gas Association, P. O.
Box 616, Murray, Kentucky 42071, 502/753-2151.

It is further recommended that a copy of this report be sent
to the Beattyville HA directing that it respond by April 12, 1993
with a schedule of compliance to the deficiencies cited for
Commission approval.

Respectfully submitted,



Earl H. Alderman, Jr.
Utility Investigator

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*Delta R
Take over.*

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT KY 40602
(502) 564-3940

July 19, 1993

Mrs. E. J. Caudill, Executive Director
Beattyville Housing Authority
736 Caudill Road
Beattyville, Kentucky 41311

Dear Mrs. Caudill:

A comprehensive inspection of the propane gas facilities of the Beattyville Housing Authority was conducted on March 2, 1993 and a copy of the report was sent to you asking that you respond to the deficiencies cited by April 13, 1993.

We understand from our inspector, Earl H. Alderman, Jr., that Delta Natural Gas is taking over this gas system. Please respond by August 2, 1993 with a letter stating the status of this transfer, or submit a correction schedule of the cited deficiencies if Delta does not take over the gas system.

If you have any questions or need additional information, please contact Earl H. Alderman, Jr. at 502/564-3940.

Sincerely,

Scott Smith

E. Scott Smith, Manager
Gas Pipeline Safety Branch

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