

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF B.T.U. PIPELINE, INC.)
FOR COMMISSION APPROVAL TO DEVIATE) CASE NO. 95-029
FROM 807 KAR 5:022, SECTION 2 (4) (A))

O R D E R

By Order dated June 22, 1995, the Commission granted B.T.U. Pipeline, Inc. ("B.T.U.") a deviation for 18 months from 807 KAR 5:022, Section 2(4)(a), to allow it to construct a pipeline which complies with the Commission's regulations.

On November 15, 1996, B.T.U. filed a letter which the Commission will treat as a motion requesting an extension of time until June 1997 to replace the existing off-grade two-mile pipeline with SDR 11 ASTM D2513 pipe. B.T.U. contended that the purpose of the additional 6 months is to raise capital during winter gas sales so that it will be able to complete the project. This pipeline provides gas to Ashland Transmission Pipeline and two residential customers. B.T.U. stated that it can install the new, three-inch pipeline within 2 months for an estimated cost of \$31,680.

After consideration of the evidence of record and, being otherwise sufficiently advised, the Commission finds that:

1. B.T.U. should be granted an extension of time to replace the off-grade pipeline for 8 months to August 31, 1997.

2. B.T.U. should disconnect the off-grade pipeline from its distribution system no later than August 31, 1997.

IT IS THEREFORE ORDERED that:

1. B.T.U. is granted an extension of 8 months, effective January 1, 1997, to replace the off-grade pipeline by a pipeline as specified in the record.

2. B.T.U. shall disconnect the existing off-grade pipeline from its distribution system no later than August 31, 1997.

3. B.T.U. shall file with the Commission the construction schedule for the new pipeline no later than June 30, 1997. The schedule shall include the dates of installation, cleaning, testing and startup for the new pipeline.

4. B.T.U. shall file with the Commission the pressure test chart and specify the maximum allowable operating pressure of the new pipeline no later than 10 days following completion of the test.

Done at Frankfort, Kentucky, this 10th day of June, 1997.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF B.T.U. PIPELINE,)
INC. FOR COMMISSION APPROVAL TO DEVIATE) CASE NO. 95-029
FROM 807 KAR 5:022, SECTION 2(4)(A))

O R D E R

On January 23, 1995, B.T.U. Pipeline, Inc. ("B.T.U.") filed an application with this Commission requesting a deviation from 807 KAR 5:022, Section 2(4)(a), to put into service approximately two miles of off-grade, three-inch pipeline which does not comply with SDR 11 ASTM D2513. This pipeline is located in a rural area at the county line between Magoffin and Johnson counties and is connected to the Ashland Transmission ("Ashland") pipeline. There are two customers connected to this section of the pipeline by two one-inch service lines. The service lines are in compliance with the specifications of SDR 11 ASTM D2513.

On February 22, 1995, Commission Staff visited the site and met with B.T.U.'s operator, Richard Williams. Mr. Williams stated that he installed about nine miles of polyethylene ("p/e") pipeline between November 1993 and July 1994. He said that all the pipes were specified as SDR 11 ASTM D2513 with the exception of the subject two miles which is designated p/e SDR 11 3408 to be used for oil and gas and other service. Mr. Williams said that this section of the pipeline was constructed as a gathering pipeline, and was tested at 100 pounds per square inch ("psi"). It was

designed to deliver 300 Mcf per day from 30 local gas wells to the Ashland four-inch steel pipeline. According to B.T.U., it has established a maximum operating pressure ("MAOP") for the pipeline of 70 psi. B.T.U. filed with the Commission the following information about the pipe's material and specifications from the pipe's manufacturer, Oil Creek Plastics Incorporation:

1. Outside diameter of the pipe is 3.492 to 3.508 inches.
2. Wall thickness is .318 to .346 inch.
3. Burst pressure is 650 psi.
4. Hoop stress is 3260 psi.

ASTM D2513 pipes are tested under the American Society for Testing and Material standards. The tests show that the material and grade of the pipe is suitable for use in the distribution of natural gas service. The other testing requirement of ASTM D2513 is a long time strength test (estimated 100,000-hour value) for aging, and deterioration from water, gas, and gas additives. These tests were not performed by the manufacturer of the subject pipeline. The pipe dimensions and tolerance appear to be equivalent to the standard measures.

Having reviewed the evidence of record and being otherwise advised, the Commission finds that:

1. The hoop stress provided by the manufacturer shows that the pipeline can sustain a pressure higher than its designated pressure of 70 psi.

2. The pipe is not manufactured according to the ASTM D2513 which is specified for use in gas mains in natural gas distribution applications.

3. It is not possible to determine the integrity of the material of the pipeline as it ages and whether the operating pressure can be sustained if the material is subjected to chemicals and other environmental stress.

4. The subject pipeline was tested at 100 psi. The MAOP should not exceed 66 psi, pursuant to 807 KAR 5:022, Section 13(11)(a)2.

5. B.T.U. should be granted a deviation for 18 months from 807 KAR 5:022, Section 2(4)(a) to allow it to construct a pipeline which complies with the Commission's regulations without interrupting gas transportation to the Ashland pipeline and the two customers.

IT IS THEREFORE ORDERED that:

1. B.T.U.'s application for a deviation from the Commission's regulation, 807 KAR 5:022, Section 2(4)(a), is granted for 18 months. B.T.U. shall replace the two-mile off-grade pipeline by a standard pipeline manufactured for natural gas distribution service no later than December 31, 1996, and notify the Commission no later than January 15, 1997 that the replacement has been made.

2. B.T.U. shall operate the pipeline at a pressure not to exceed 66 psi and to inspect it for leaks annually.

Done at Frankfort, Kentucky, this 22nd day of June, 1995.

By the Commission

ATTEST:



Executive Director

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

FOLLOW-UP INSPECTION REPORT

B.T.U. PIPELINE, INC.
Salyersville, Kentucky

January 9, 1997

BRIEF

A follow-up inspection of the natural gas facilities of the B.T.U. Pipeline, Inc., ("B.T.U.") was conducted on December 11, 1996. This inspection was conducted in accordance with the Public Service Commission's ("PSC") program of inspecting all local gas distribution companies under its jurisdiction. Natural gas 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 the enforcement of the Natural Gas Pipeline Safety Act of 1968.

INSPECTION

Eleven violations were cited during the course of the comprehensive inspection of September 11 and 18, 1995.

During this inspection, I observed a new gas line that had recently been constructed at the residence of Ronald Hensley at 310 May Drive, Salyersville. A gas service had been installed without a gas meter as required by Commission regulations. A service line valve that is not approved for natural gas was installed on the service line. Inside the basement, a service regulator was installed without being vented to the outside as required by Commission regulations.

FINDINGS

The following deficiencies were found:

1. No gas meter has been installed at 310 May Drive, 971 Dixie Avenue, and 191 and 193 Sugar Camp Road, Salyersville, Kentucky, which is a requirement of 807 KAR 5:022, Section 8(2)(a). (Reference photographs 1 and 2.)
2. A service regulator was installed in the basement at 310 May Drive without being vented to the outside, which is a violation of 807 KAR 5:022, Section 9(4)(d).
3. The installed service line valves are not approved for natural gas at 310 May Drive, 971 Dixie Avenue, 191 and 193 Sugar Camp Road, which is a violation of 807 KAR 5:022, Section 9(7)(a). (Reference photographs 3 and 4.)

RECOMMENDATION

Finding 1 is a repeat of a violation cited during an inspection conducted on September 11 and 18, 1995 by this Commission.

It is recommended that B.T.U. furnish this Commission with a schedule of compliance for its approval 15 days after receipt of this report.

It is further recommended that the Commission initiate a hearing to allow B.T.U. to show cause why it should not be penalized for failure to adhere to the cited regulations.

Respectfully submitted,



Larry L. Amburgey
Investigator Supervisor



#1 B.T.U. Pipeline, Inc.
Salyersville, Kentucky

Photo shows gas line coming out of ground and going through basement wall into basement area at 310 May Drive, Salyersville.

#2 B.T.U. Pipeline, Inc.
Salyersville, Kentucky

Photo shows gas line coming out of ground and going through basement wall into basement area at 310 May Drive, Salyersville.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

SPECIALIZED SAFETY INSPECTION REPORT

B.T.U. PIPELINE, INC.
SALYERSVILLE, KENTUCKY

May 15, 1997

BRIEF

A specialized safety inspection of the natural gas piping system of B.T.U. Pipeline, Inc. ("B.T.U.") was conducted on May 1, 1997. This inspection was conducted in accordance with the Public Service Commission's ("PSC") program of inspecting all local gas distribution companies under its jurisdiction. Natural gas 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 the enforcement of the Natural Gas Pipeline Safety Act of 1968.

INSPECTION

During this specialized inspection of B.T.U., PSC Staff, Faud Sharifi, Engineer, Gas Branch and David Kinman, Gas Pipeline Safety Branch of the Engineering Division, were accompanied by Vance Bashan of B.T.U. to inspect only the scrubbers at the Howard, Stevens and Arnett wells. The purpose of these scrubbers is to remove hydrogen sulphide from the gas stream prior to the natural gas being introduced into the distribution system. Tests taken with a hydrogen sulphide-sensitive Draker tube at the Howard and the Stevens wells indicated the presence of hydrogen sulphide in the wells. It was not possible to test

the Arnett well at this time. These three wells have been disconnected from the distribution system and as of May 1, 1997 were not flowing gas.

Hydrogen sulphide is a toxic gas which is found in some natural gas wells. Hydrogen sulphide is an extremely toxic gas with safe working limits of 10 parts per million (ppm) as the threshold level at which it is believed that workers may be exposed day after day with no adverse effects. At 250 ppm per hour, the concentration may cause death; a lethal concentration is reached at 600 ppm. Hydrogen sulphide may be removed from the gas stream by chemical means, such as scrubbers in which the natural gas is routed through a substance such as sulfatreat. Periodic checks however, must be made to assure that the removal process remains effective. Hydrogen sulphide is also highly corrosive to steel.

Several deficiencies were noted during this inspection and will be further discussed in the findings section of this report.

FINDINGS

The following deficiencies were found:

1. There are no relief devices installed on any of the scrubbers as required by 807 KAR 5:022, Section (30).
2. The Stevens well is connected to the scrubber by aboveground plastic gas pipe which is a violation of 807 KAR 5:022, Section 7(12).

3. Internal corrosion inspections have not been made and documented which is a requirement of 807 KAR 5:022, Section 10(14), when corrosive gasses are being transported by pipeline.

4. The scrubbers must be pressure tested to one and one-half times the maximum allowable operating pressure of the gas system as required by 807 KAR 5:022, Section 11(2).

5. The operation and maintenance plan must include instructions for employees in safety practices and procedures to be used when working in areas where they may be exposed to hydrogen sulphide which is required by 807 KAR 5:022, Section 13(3).

6. B.T.U. employees have not been trained in safely handling hydrogen sulphide as required by 807 KAR 5:006, Section 24(27).

RECOMMENDATIONS

It is recommended that prior to using gas from the wells mentioned in this report:

1. Relief devices must be installed in order to prevent the possibility of overpressuring the distribution system.

2. All aboveground plastic gas pipe must be replaced with steel pipe or buried to the required depths.

3. Inspections must be made of the scrubbers in order to determine if the corrosive gas is creating internal corrosion.

4. Any segment of new pipeline or segment of pipeline which has been relocated must be pressure tested.

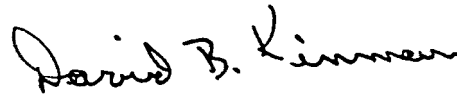
5. Include in the operation and maintenance plan detailed instructions for employees who may come into contact with hydrogen sulphide.

6. B.T.U. must train its employees in safety practices when working around hydrogen sulphide.

It is also recommended that B.T.U. 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 recommend that a copy of this report be sent to B.T.U. directing that it respond by June 16, 1997 with a schedule of compliance to the cited deficiencies for Commission approval.

Respectfully submitted,



David B. Kinman
Gas Pipeline Safety Investigator





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY 40602
(502) 564-3940

May 15, 1997

Mr. Richard Williams
B.T.U. Pipeline, Inc.
P.O. Box 707
Salyersville, Ky 41465

Dear Mr. Williams:

Attached is a report of the 1997 Specialized Inspection of B.T.U. Pipeline, Inc. which was performed by Commission Staff, David B. Kinman of the Pipeline Safety Branch and Faud Sharifi of the Gas Branch, on May 1, 1997.

Please respond to this report by June 16, 1997, outlining a correction schedule of the cited deficiencies for Commission approval.

If you have any questions or need additional information, please contact David B. Kinman at (502) 564-3940.

Sincerely,

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

E. Scott Smith
Manager, Gas Safety Branch
Division of Engineering & Services

ESS:dcp
9707800-9707900



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY 40602
(502) 564-3940

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Sincerely,

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E. Scott Smith
Manager, Gas Safety Branch
Division of Engineering & Services

ESS:dcp
9707800-9707900

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

SPECIALIZED SAFETY INSPECTION REPORT

B.T.U. PIPELINE, INC.
SALYERSVILLE, KENTUCKY

May 15, 1997

BRIEF

A specialized safety inspection of the natural gas piping system of B.T.U. Pipeline, Inc. ("B.T.U.") was conducted on May 1, 1997. This inspection was conducted in accordance with the Public Service Commission's ("PSC") program of inspecting all local gas distribution companies under its jurisdiction. Natural gas 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 the enforcement of the Natural Gas Pipeline Safety Act of 1968.

INSPECTION

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Several deficiencies were noted during this inspection and will be further discussed in the findings section of this report.

FINDINGS

The following deficiencies were found:

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3. Internal corrosion inspections have not been made and documented which is a requirement of 807 KAR 5:022, Section 10(14), when corrosive gasses are being transported by pipeline.

4. The scrubbers must be pressure tested to one and one-half times the maximum allowable operating pressure of the gas system as required by 807 KAR 5:022, Section 11(2).

5. The operation and maintenance plan must include instructions for employees in safety practices and procedures to be used when working in areas where they may be exposed to hydrogen sulphide which is required by 807 KAR 5:022, Section 13(3).

6. B.T.U. employees have not been trained in safely handling hydrogen sulphide as required by 807 KAR 5:006, Section 24(27).

RECOMMENDATIONS

It is recommended that prior to using gas from the wells mentioned in this report:

1. Relief devices must be installed in order to prevent the possibility of overpressuring the distribution system.

2. All aboveground plastic gas pipe must be replaced with steel pipe or buried to the required depths.

3. Inspections must be made of the scrubbers in order to determine if the corrosive gas is creating internal corrosion.

4. Any segment of new pipeline or segment of pipeline which has been relocated must be pressure tested.

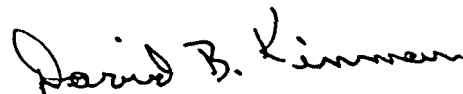
5. Include in the operation and maintenance plan detailed instructions for employees who may come into contact with hydrogen sulphide.

6. B.T.U. must train its employees in safety practices when working around hydrogen sulphide.

It is also recommended that B.T.U. 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 recommend that a copy of this report be sent to B.T.U. directing that it respond by June 16, 1997 with a schedule of compliance to the cited deficiencies for Commission approval.

Respectfully submitted,



David B. Kinman
Gas Pipeline Safety Investigator



#3

B.T.U. Pipeline, Inc.
Salyersville, Kentucky

Photo shows regulator and unapproved
shut-off valve in meter box at 971 Dixie
Avenue, Salyersville.



#4

B.T.U. Pipeline, Inc.
Salyersville, Kentucky

Photo shows regulator and unapproved
shut-off valve in meter box at 971 Dixie
Avenue, Salyersville.

PUBLIC SERVICE COMMISSION
GAS INSPECTION REPORT

INSPECTIONS CONCLUDED BETWEEN 12/01/96 AND 12/31/96

UTILITY ID: 3758
COMPANY NAME: B.T.U. PIPELINE

INSPECTION NBR:97 001 00 UNIT:00/
GAS OPERATION TYPE: GAS DISTRIBUTION TYPE OF GAS: NATURAL
LINE SEG/VALVE SECT: MILE POST: INSP. TYPE:E REINSPECTION
COMPRESSOR STATION/NBR: NAME: NBR. OF VIOLATIONS: 3
TYPE OF PIPE IN SYSTEM:
INSP. NAME:AMBURGEY BEGIN DATE:12/11/96 END DATE:12/11/96 D.O.T. DAYS: 1
RESP. DUE: NOTICES:(1) (2) (3) (4)
RESULT OF INCIDENT REPORT? N INCIDENT REPORT NUMBER:
REMARKS:F/U of 9519700 & 9519800 - repeat violations - no gas meters installed
ENTRY DATE: 1/ 2/97

PUBLIC SERVICE COMMISSION
GAS VIOLATION REPORT

INSPECTIONS CONCLUDED BETWEEN 12/01/96 AND 12/31/96

UTILITY ID: 3758
COMPANY NAME: B.T.U. PIPELINE

INSP. NBR:97 001 00 V/N:001 UNIT:00/
GAS OPERATION TYPE: GAS DISTRIBUTION
LINE SEG/VALVE SECT: MILE POST:
COMPRESSOR STATION NBR: NAME:

TYPE OF GAS: NATURAL
INSP. TYPE:E REINSPECTION
NBR. OF VIOLATIONS: 3

FINDING PER REGULATION: 807 KAR 5:022, Section 8(2)(a)
No meter installed to measure gas usage.

VIO. CODE: .
PENALTY RECOMMENDED
\$.00

PENALTY APPROVED
\$.00
DUE DATE:

RECOMMENDATIONS PER FINDING:
Install gas meter to measure gas usage.

PENALTY RECEIVED
\$.00
REC DATE:

VIO. CORR. DATE

ENTRY DATE: 1/ 2/97

INSP. NBR:97 001 00 V/N:002 UNIT:00/
GAS OPERATION TYPE: GAS DISTRIBUTION
LINE SEG/VALVE SECT: MILE POST:
COMPRESSOR STATION NBR: NAME:

TYPE OF GAS: NATURAL
INSP. TYPE:E REINSPECTION
NBR. OF VIOLATIONS: 3

FINDING PER REGULATION: 807 KAR 5:022, Section 9(4)(d)
Service regulator installed in basement is not vented to
outside.

VIO. CODE: .
PENALTY RECOMMENDED
\$.00

PENALTY APPROVED
\$.00
DUE DATE:

RECOMMENDATIONS PER FINDING:
Vent service regulator in basement to the outside.

PENALTY RECEIVED
\$.00
REC DATE:

VIO. CORR. DATE

ENTRY DATE: 1/ 2/97

INSPECTIONS CONCLUDED BETWEEN 12/01/96 AND 12/31/96

UTILITY ID: 3758
COMPANY NAME: B.T.U. PIPELINE

INSP. NBR:97 001 00 V/N:003 UNIT:00/
GAS OPERATION TYPE: GAS DISTRIBUTION TYPE OF GAS: NATURAL
LINE SEG/VALVE SECT: MILE POST: INSP. TYPE:E REINSPECTION
COMPRESSOR STATION NBR: NAME: NBR. OF VIOLATIONS: 3

FINDING PER REGULATION: 807 KAR 5:022, Section 9(7)(a)
Service line valves are not approved for natural gas use.

VIO. CODE: .
PENALTY RECOMMENDED
\$.00

PENALTY APPROVED
\$.00
DUE DATE:

RECOMMENDATIONS PER FINDING:
Use approved service line valves.

PENALTY RECEIVED
\$.00
REC DATE:

VIO. CORR. DATE

ENTRY DATE: 1/ 2/97



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 9, 1997

Mr. Richard Williams
Operations Manager
B.T.U. Pipeline, Inc.
P. O. Box 242
Salysersville, KY 41465

Dear Mr. Williams:

Attached is a follow-up inspection report of the natural gas facilities of B.T.U. Pipeline, Inc., of the city of Salysersville, Kentucky, which was performed by Larry L. Amburgey on December 11, 1996. This is a follow-up inspection from the September 11 and 18, 1995 comprehensive inspection.

In my September 22 and November 15, 1995 letters to you, I requested that you provide a time frame when meters would be installed at all customer locations as required by 807 KAR 5:022, Section 8(2)(a). The attached report indicates that meters are still not installed at all services. In fact, this report reflects that a new service has been installed with no meter. We, therefore, consider this a repeat violation.

It is recommended that the Commission proceed with a Show Cause hearing to allow B.T.U. to supply information as to why this deficiency has not been corrected and why penalties should not be levied against the company.

Sincerely,

E. Scott Smith, Manager
Gas Pipeline Safety Branch

ESS:LLA:dcp
9700100/9519600-95219800

Attachment

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

B.T.U. PIPELINE, INC.
SALYERSVILLE, KENTUCKY

February 20, 1997

BRIEF

A comprehensive safety inspection of the natural gas piping system of B.T.U. Pipeline, Inc. ("B.T.U.") was conducted on February 11-12, and 20, 1997. This inspection was conducted in accordance with the Public Service Commission's ("PSC") program of inspecting all local gas distribution companies under its jurisdiction. B.T.U. is a natural gas distribution company in Magoffin County, Salyersville, Kentucky. Natural gas 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

A review was made of B.T.U.'s Operating and Maintenance, Emergency, Damage Prevention, and Anti-Drug and Alcohol Plans during the office portion of the inspection.

During the field inspection, a partial leak survey was conducted along with checks on main line valves and residential meter settings. Also, during this part of the inspection, a check was made on the progress made on Case No. 96-087. B.T.U. has reworked the Stevens well and installed a new scrubber. The line connecting the Stevens well to the system has been cut and the ends capped. Tests for hydrogen sulfide were made at the Stevens and Howard wells and at two taps near these