

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CITY OF HICKMAN, KENTUCKY

ALLEGED VIOLATIONS OF 807 KAR 5:022

)
) CASE NO.
) 97-350
)

O R D E R

The City of Hickman, Kentucky ("Hickman"), is a city of the fourth class, KRS 81.01(4), which owns and operates facilities used to distribute natural gas at retail.

Pursuant to 49 U.S.C. §60106 and an agreement with the United States Department of Transportation, the Commission is authorized to enforce the provisions of the Natural Gas Pipeline Safety Act of 1968 for all intrastate pipeline facilities within Kentucky.

KRS 278.495 authorizes the Commission to regulate the safety of natural gas facilities owned and operated by a city which are used to distribute natural gas at retail and to promulgate administrative regulations which are consistent with the Natural Gas Pipeline Safety Act of 1968 and which are necessary to promote pipeline safety in the Commonwealth. Pursuant to this statute, the Commission has promulgated Administrative Regulation 807 KAR 5:022.

Commission Staff has submitted to the Commission a Comprehensive Inspection Report dated May 14, 1997, appended hereto, which alleges that:

1. On April 8 and 9, 1997, Commission Staff conducted a comprehensive inspection of Hickman's natural gas facilities. During the course of this inspection, Commission Staff reviewed Hickman's operation and maintenance, emergency, damage prevention and anti-drug plans and its leak survey, system patrolling, and corrosion control records.

2. During its inspection, Commission Staff discovered the following deficiencies:

a. The gas relief valve which is located at Chic Jeans factory was not locked in an open position.

b. The gas meter set at the Hickman Pipe Company was not protected from vehicular traffic.

c. Cathodic protection at Fulton County High School, Fulton County Vocational School, and Fulton County Elementary School was below acceptable levels.

d. Hickman had failed to inspect its cathodic protection rectifier at least six times during the previous calendar year.

e. Hickman failed to perform weekly odorization checks.

f. Hickman failed to immediately repair grade one leaks.

g. Hickman had no record of maintenance on its regulators and relief valves for the previous calendar year.

h. Hickman had not checked and serviced its main line valves during the previous calendar year.

3. Administrative Regulation 807 KAR 5:022, Section 4(32)(h), requires Hickman to ensure that each pressure relief or pressure limiting device is designed to prevent unauthorized operation of any stop valve that will make the pressure relief valve or pressure limiting device inoperative.

4. Administrative Regulation 807 KAR 5:022, Section 9(2)(a), requires Hickman to install meters and service regulators in locations which are protected from corrosion and other damage.

5. Administrative Regulation 807 KAR 5:022, Section 10(8), requires Hickman to ensure cathodic protection of its pipelines within certain levels.

6. Administrative Regulation 807 KAR 5:022, Section 10(9)(b), requires Hickman to inspect each cathodic protection rectifier or other impressed current power source at least six times each calendar year to insure it is operating.

7. Administrative Regulation 807 KAR 5:022, Section 13(17)(g), requires Hickman to conduct a sampling of combustible gases weekly to assure proper concentration of odorant.

8. Administrative Regulation 807 KAR 5:022, Section 14(13)(d), requires Hickman to make immediate repairs to pipeline leaks classified as "Grade 1."

9. Administrative Regulation 807 KAR 5:022, Section 14(21), requires Hickman to inspect and test each relief device and pressure regulating station and its equipment at least once each calendar year.

10. Administrative Regulation 807 KAR 5:022, Section 14(23), requires Hickman to test in place pressure relief devices (except rupture discs) at least once each

calendar year to determine that they have enough capacity to limit the pressure on the facilities to which they are connected to the desired maximum.

11. Administrative Regulation 807 KAR 5:022, Section 14(25), requires Hickman to check and service each valve at intervals not exceeding fifteen (15) months, but at least once each calendar year.

12. Of the deficiencies noted in the Comprehensive Inspection Report, three deficiencies -- the failure to check and service main line valves during the previous calendar year, the failure to record or perform maintenance on regulators and relief valves during the previous calendar year, and the failure to inspect cathodic protection rectifier six times during the previous calendar year -- were also found during Commission Staff's comprehensive inspection of Hickman's natural gas facilities in February 1996.

13. As a result of the deficiencies noted in the Comprehensive Inspection Report, Hickman is in probable violation of Administrative Regulation 807 KAR 5:022, Sections 4(32)(h), 9(2)(a), 10(8), 10(9)(b), 13(17)(g), 14(13)(d), 14(21), 14(23), and 14(25).

Based on its review of the Comprehensive Inspection Report and being otherwise sufficiently advised, the Commission finds that prima facie evidence exists that Hickman has failed to comply with Administrative Regulation 807 KAR 5:022.

Therefore, the Commission, on its own motion, HEREBY ORDERS that:

1. Hickman shall appear before the Commission on October 2, 1997 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730

Schenkel Lane, Frankfort, Kentucky, for the purpose of presenting evidence concerning the alleged violations of Administrative Regulation 807 KAR 5:022, and of showing cause why it should not be subject to the penalties prescribed in KRS 278.990 and 278.992 for these alleged violations.

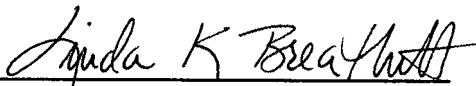
2. Hickman shall submit to the Commission within 20 days of the date of this Order a written response to the allegations contained in the Comprehensive Inspection Report and a written report on its efforts to comply with Commission Staff's recommendations.

3. The Comprehensive Inspection Report of May 14, 1997, a copy of which is appended hereto, is made part of the record of this proceeding.


4. Any motion requesting any informal conference with Commission Staff to consider any matter which would aid in the handling or disposition of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 18th day of August, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 97-350 DATED AUGUST 18, 1997

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

HICKMAN GAS SYSTEM
Hickman, Kentucky

May 14, 1997

BRIEF

A comprehensive inspection of the natural gas facilities of the Hickman Gas System ("Hickman") was conducted on April 8-9, 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

The City of Hickman is a small distribution system which serves natural gas to approximately 940 customers. It purchases its gas from Trunkline Gas Company. Mr. John Amburg assisted me on this inspection.

A review was made of Hickman's Operating and Maintenance, Emergency, Damage Prevention, and Anti-Drug Plans during the office portion of the inspection. Also during the office visit, records were reviewed concerning the leak survey, system patrolling, and corrosion control. Several deficiencies were found during the office inspection and will be addressed in the findings section of this report. Some deficiencies are repeat violations from the comprehensive inspection conducted on February 8-9, 1996.

During the field inspection, a cathodic protection survey was conducted which found several low readings. The purchase station and two town border stations were also inspected. Large volume and residential meter sets were inspected throughout the system. Several deficiencies were found in the field inspection and will be addressed in the findings section of this report.

FINDINGS

The following deficiencies were found:

1. Main line valves have not been annually inspected and recorded as required by 807 KAR 5:022, Section 14(25). This is a repeat violation of 1996.
2. There were no records found on annual maintenance of regulators and relief valves as required by 807 KAR 5:022, Section 14(21) and (23). This is a repeat violation of 1996.
3. Cathodic protection rectifier has not been inspected six times annually as required by 807 KAR 5:022, Section 10(9)(b). This is a repeat violation of 1996.
4. Grade one leaks are not repaired immediately as required by 807 KAR 5:022, Section 14(13)(d).
5. Odorization checks are not performed weekly as required by 807 KAR 5:022, Section 13(17)(g).
6. Low corrosion readings were found at Fulton County High School (-0.650 mv), Fulton County Vocational School (-0.420 mv), and Fulton County Elementary School (-0.644 mv) which violates 807 KAR 5:022, Section 10(8).

7. The meter set at the Hickman Pipe Company is not protected from vehicular traffic as required by 807 KAR 5:022, Section 9(2)(a).

8. The relief valve at the Chic Jeans factory was not locked in the open position as required by 807 KAR 5:022, Section 4(32)(h).

RECOMMENDATIONS

It is recommended that Hickman:

1. Locate, service and record all main line gas valves in the system and maintain records as required.

2. Obtain records from the consultant who performs maintenance on regulators and relief valves or hire another qualified consultant to repeat this process annually and keep records.

3. Begin inspecting the rectifier six times annually (every other month), instead of quarterly.

4. Have the leak survey consultant resurvey areas where grade 1 leaks were found or have another qualified leak survey performed. All grade 1 leaks must be repaired immediately before a leak survey can continue.

5. Begin using a machine to determine the level of odorant in the system and recording it weekly as required.

6. Do further interference testing of its cathodic protection system to determine why the pipe-to-soil readings are low and correct them.

7. Install barricades in front of the meter set at Hickman Pipe Company.

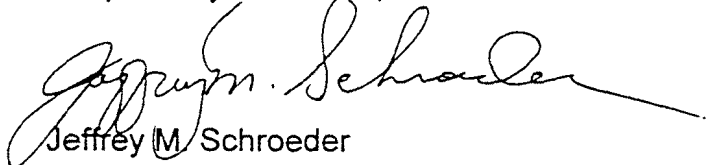
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8. Lock the relief valve in the open position at the Chic Jean factory.

It is also recommended that Hickman 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 41701, (502) 753-2151.

It is further recommended that show cause proceedings be initiated against Hickman due to repeated violations in two successive inspections.

Respectfully submitted,


Jeffrey M. Schroeder
Gas Utility Investigator

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