

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

HOUSING AUTHORITY OF MT. VERNON)	
)	
_____)	CASE NO. 99-095
)	
ALLEGED VIOLATIONS OF)	
ADMINISTRATIVE REGULATION)	
807 KAR 5:022)	

O R D E R

The Housing Authority of Mt. Vernon ("Mt. Vernon") is a master meter system operator with 20 units that receives propane gas from 3 underground storage tanks which are located on the property. Mt. Vernon redistributes the gas throughout the housing complex for various purposes.

Mt. Vernon is subject to the safety jurisdiction of the Commission, pursuant to KRS 278.040 and KRS 278.495. Mt. Vernon is also subject to Commission jurisdiction under the authority of and in compliance with federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations of 49 CFR 189-199. Violations of these safety standards by any entity subject to the jurisdiction of the Commission subjects said entity to the penalty provisions of KRS 278.992(1).

Pursuant to these statutes and 49 CFR 189-199, the Commission promulgated Administrative Regulation 807 KAR 5:022. Commission Staff has submitted to the Commission a Comprehensive Inspection Report, dated March 1, 1999, in which Commission Staff alleges:

1. There is no maximum allowable operating pressure (MAOP) for the distribution system. 49 CFR, Part 192.619(a), and 807 KAR 5:022, Section 13(11).

2. Tracer wire is not buried with the plastic gas pipe. 49 CFR, Part 192.321(e), and 807 KAR 5:022, Section 6(12).

3. The system lacks an Operating & Maintenance Plan. 49 CFR, Part 192.605(a), and 807 KAR 5:022, Section 13(3).

4. The relief valve capacities have not been calculated. 49 CFR, Part 192.739, and 807 KAR 5:022, Section 13(21).

5. There are low or no corrosion readings on some sections of the steel system. Test wires from rectifier to storage tanks have been unhooked in the past for months at a time. There are no test wires on several service lines. 49 CFR, Parts 192.455, 192.469, 192.491, and 807 KAR 5:022, Section 10(4), (11) and (22).

6. There are no shut-off valves on any storage tanks. 49 CFR, Part 192.181, and 807 KAR 5:022, Section 4.

7. No regulator inspection records could be found. 49 CFR, Part 192.739, and 807 KAR 5:022, Section 14(21).

Based on its review of the Comprehensive Inspection Report, the Commission required Mt. Vernon to appear before the Commission on April 12, 1999 for a hearing to determine why Mt. Vernon failed to comply with Administrative Regulation 807 KAR 5:022. At that hearing Mt. Vernon acknowledged the truth of the facts contained in the inspection report. The Commission finds that Mt. Vernon, by its Executive Director, Aneta Vance, has made every effort to bring its facilities into compliance with the safety regulations and has secured funding to have the system

replaced or repaired. The evidence at the hearing revealed that Ms. Vance was making every attempt to determine what needed to be done and to make repairs to the system. After she received the Fire Marshal's Order, she made arrangements to have a temporary tank installed to eliminate use of the three tanks. Mr. Andrew Biesel, of HUD, testified that emergency funding of \$75,000 had been approved for replacing and repairing the system. The cooperation of Mt. Vernon and the prompt efforts of HUD to fund the necessary remedial measures for this system are to be considered by the Commission in its assessment of any penalty.

The Commission makes the following findings:

1. Mt. Vernon is in violation of 807 KAR 5:022, Section 13(11).
2. Mt. Vernon is in violation of 807 KAR 5:022, Section 6(12).
3. Mt. Vernon is in violation of 807 KAR 5:022, Section 13(3).
4. Mt. Vernon is in violation of 807 KAR 5:022, Section 13(21).
5. Mt. Vernon is in violation of 807 KAR 5:022, Section 10(4), (11) and (22).
6. Mt. Vernon is in violation of 807 KAR 5:022, Section 4.
7. Mt. Vernon is in violation of 807 KAR 5:022, Section 14(21).
8. Mt. Vernon may be assessed a civil penalty not to exceed \$25,000, but

Mt. Vernon's cooperation and assistance in this case are to be taken into consideration in the assessment of any civil penalty.

IT IS HEREBY ORDERED that:

1. Mt. Vernon is assessed a civil penalty of \$175 for the violations of Administrative Regulation 807 KAR 5:022, Section 13(11); 807 KAR 5:022, Section 6(12); 807 KAR 5:022, Section 13(3); 807 KAR 5:022, Section 13(21);

807 KAR 5:022, Section 10(4), (11) and (22); 807 KAR 5:022, Section 4 and 807 KAR 5:022, Section 14(21).

2. Within 10 days of the date of this Order, the Housing Authority of Mt. Vernon shall pay to the Commonwealth of Kentucky the sum of One Hundred Seventy-five Dollars (\$175). This payment shall be in the form of a cashier's or certified check made payable to Treasurer, Commonwealth of Kentucky, and shall be mailed or delivered to Office of General Counsel, Public Service Commission, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602.

3. Mt. Vernon shall file with the Commission within 30 days from the date of this Order the following:

a. A report informing the Commission as to the repairs to or the replacement of the Mt. Vernon system.

b. A copy of the system operation and maintenance plan.

c. Upon abandonment of any part of the Mt. Vernon system, Mt. Vernon shall report to the Commission actions taken as required by 807 KAR 5:022, Sections 14 and 15(b).

Done at Frankfort, Kentucky, this 17th day of May, 1999.

By the Commission

ATTEST:

Executive Director