

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COW CREEK GAS, INC.)
)
_____) CASE NO. 99-356
)
ALLEGED VIOLATIONS OF)
ADMINISTRATIVE REGULATION)
807 KAR 5:022)

O R D E R

Cow Creek Gas, Inc. ("Cow Creek") is a gas distribution system operating in Floyd County, Kentucky, serving approximately 33 customers.

Cow Creek is subject to the jurisdiction of the Commission pursuant to KRS 278.010 and 278.040. Cow Creek 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, pursuant to KRS 278.990 and 278.992.

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 July 29, 1999, in which Commission Staff alleged violations of Commission regulations.

An informal conference was scheduled on September 23, 1999 to discuss the violations, as set out in that inspection report, and the civil penalty to be imposed, pursuant to KRS 278.992. At the informal conference Cow Creek and Commission

Staff reached a settlement agreement wherein it was agreed that Cow Creek was in violation of the following regulations:

1. Odorant checks were not conducted during 1998. 807 KAR 5:022, Section 13(17)(g), and 49 CFR Part 192.625(f). This is a repeat violation.

2. No system leak survey records existed. 807 KAR 5:022, Section 14(13), and 49 CFR Part 192.723. This is a repeat violation.

3. No valve inspection records existed for the year 1998. 807 KAR 5:022, Section 14(25), and 49 CFR Part 192.747. This is a repeat violation.

4. Cow Creek had failed to review relief valve capacities for 1998. 807 KAR 5:022, Section 14(23), and CFR Part 192.743. This is a repeat violation.

5. Cow Creek had no continuing education program as required to inform the public to recognize a gas pipeline emergency. 807 KAR 5:022, Section 13(9)(d), and 49 CFR Part 192.616. This is a repeat violation.

6. No records of annual maintenance on regulators and relief valves existed. 807 KAR 5:022, Section 14(21), and 49 CFR Part 192.739.

It was further agreed that Cow Creek waives its right to a formal hearing and that it would be assessed a penalty of \$500 for each of the 6 violations for a total civil penalty of \$3,000.00. The settlement agreement also provided for the payment of the civil penalty under certain terms and conditions.

Cow Creek is a small natural gas utility serving 33 customers and has cooperated with the Commission during the course of this case. Cow Creek has filed a list of its present efforts to comply with the Commission's regulations and to provide safe gas service to its customers. The Commission finds that these factors were considered

in the agreement as reflected in the compromise of the amount of the civil penalty.
KRS 278.992(1).

The Commission finds that the settlement agreement, dated October 15, 1999, is fair and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The settlement agreement, appended hereto, is incorporated into this Order as if fully set forth herein.

2. Cow Creek is assessed a civil penalty of Three Thousand Dollars (\$3,000) for violations, pursuant to KRS 278.992(1).

3. Within 10 days of the date of this Order, Cow Creek shall pay to the Commonwealth of Kentucky the sum of Five Hundred (\$500) Dollars. This payment shall be in the form of a cashier's check made payable to the Kentucky State Treasurer, and shall be mailed or delivered to the Office of General Counsel, Public Service Commission, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602.

4. The balance of the penalty, or Two Thousand Five Hundred Dollars (\$2,500), shall be held in abeyance for two years upon the following conditions:

a. No repeat violations of these regulations shall be found upon a re-inspection of Cow Creek to be performed within 60 days from the date of this Order.

b. The appropriate personnel of Cow Creek shall attend, annually for three years, gas safety training seminars such as those sponsored by the Kentucky Gas Association or the United States Department Of Transportation/Office of Pipeline Safety and shall retain attendance records for the Commission's inspection.

Done at Frankfort, Kentucky, this 30th day of November, 1999.

By the Commission

ATTEST:

Executive Director