

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LEGACY FARM TOWNHOMES)	
)	
_____)	CASE NO. 2000-534
)	
ALLEGED VIOLATIONS OF)	
ADMINISTRATIVE REGULATION)	
807 KAR 5:022)	

O R D E R

Legacy Farm Townhomes (“Legacy Farm”), an apartment complex in Lexington, Kentucky, is a master meter system operator that receives natural gas from the Columbia Gas of Kentucky system. Legacy Farm then redistributes its gas to 152 apartments through a network of steel and plastic pipelines.

Legacy Farm, as a master meter operator, is subject to the safety jurisdiction of the Commission, pursuant to KRS 278.040 and KRS 278.495. Legacy Farm 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 278.280(2), the Commission promulgated Administrative Regulation 807 KAR 5:022. Commission Staff has submitted to the Commission a Comprehensive Inspection Report, dated November 16, 2000, in which Commission Staff alleges the following violations:

1. The Legacy Farm gas system is presently without cathodic protection. A 1999 inspection found that this system was without cathodic protection. 49 CFR 192.452 and 807 KAR 5:022, Section 10(2). This is a repeat violation.

2. Legacy Farm has failed to conduct the required annual valve inspection. 49 CFR 192.747 and 807 KAR 5:022, Section 14(25).

3. Legacy Farm has failed to patrol its gas system. 49 CFR 192.721 and 807 KAR 5:022, Section 14(12).

4. Legacy Farm does not have a written Operation and Maintenance Plan on site for its natural gas system. 49 CFR 192.603 and 807 KAR 5:022, Section 13(2)(b).

5. Legacy Farm's Emergency Plan manual was not on site and available to personnel in the event of an emergency. Legacy Farm operating personnel were unaware of the existence of this manual and were not trained in emergency procedures. 49 CFR 192.615(10)(b)(1 and 2) and 807 KAR 5:022, Section 13(9)(b)(1 and 2).

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

In Case No. 1999-219,¹ Legacy Farm was assessed a \$3,000 civil penalty for violations pursuant to KRS 278.992(1). However, \$2,000 of that penalty was suspended subject to no repeat violations by Legacy Farm within 3 years. If Legacy Farm is found to be in violation of Commission regulations in the present proceedings,

¹ Case No 99-219, Legacy Farm Townhomes: Alleged Violations of Administrative Regulation 807 KAR 5:022 (Order dated September 20, 1999).

the Commission may revoke the penalty suspension that was granted in its Order in Case No. 99-219 and require the balance of the suspended penalty (\$2,000) to be paid.

The Commission, on its own motion, HEREBY ORDERS that:

1. Legacy Farm shall appear on January 18, 2001 at 9:30 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, 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(1) and KRS 278.992(1) for these alleged violations.

2. Any motion for continuance of a hearing set by the Commission shall be made only for good cause and sufficiently in advance of the hearing date to allow time for the Commission to rule upon the motion.

3. The Comprehensive Inspection Report of Legacy Farm, dated November 16, 2000, a copy of which is appended hereto, is made part of the record of this proceeding.

4. Within 20 days of the date of this Order, Legacy Farm shall submit to the Commission a written response to the allegations contained in the Comprehensive Inspection Report.

5. Any motion requesting an informal conference with Commission Staff to consider matters 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 14th day of December, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX TO AN ORDER OF THE
KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 2000-534
DATED DECEMBER 14, 2000

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

LEGACY FARM TOWNHOMES
Lexington, Kentucky

November 16, 2000

BRIEF

David B. Kinman conducted a comprehensive inspection of the natural gas facilities at the Legacy Farm Townhomes ("Legacy Farm"), an apartment complex in Lexington, Kentucky on November 1, 2000. This apartment complex was formerly named Alsab Farm Townhouses. This inspection was conducted in accordance with the Public Service Commission's ("PSC") policy of inspecting all jurisdictional operators. Natural gas operators are jurisdictional to the PSC under KRS 278.040, 278.495, 278.992 and also through a 5(a) Agreement with the United States Department of Transportation, Office of Pipeline Safety, for the enforcement of the federal pipeline safety laws, 49 U.S.C. § 60101 et seq. and regulations promulgated thereunder.

INSPECTION

Legacy Farm is a master meter natural gas operator that receives its gas through the Columbia Gas of Kentucky system and then redistributes its gas to 152 apartments through a network of steel and plastic pipelines. Gas is used in the complex for a variety of purposes including heat, hot water and cooking.

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 or apartment complexes 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.

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 by other operators.

Deficiencies noted during this inspection will be further discussed in the findings section of this report.

FINDINGS

The following deficiencies were noted during the inspection:

1. The 1999 cathodic protection survey found that this gas system was without cathodic protection. The 2000 inspection found that this system is still without cathodic protection. 49 CFR 192.452 and 807 KAR 5:022, Section 10(2).
2. The required annual valve inspection was not conducted in 2000. 49 CFR 192.747 and 807 KAR 5:022, Section 14(25).
3. Legacy Farm did not patrol its gas system in 2000 as required. 49 CFR 192.721 and 807 KAR 5:022, Section 14(12).
4. Legacy Farm does not have a written Operation and Maintenance ("O&M") plan on site for its natural gas system. 49 CFR 192.603 and 807 KAR 5:022, Section 13(2)(b).
5. Legacy Farm does have a written Emergency Plan, however it was not found on site where it would have been available to its personnel in the event of an emergency. In this case a violation exists due to the fact that operating personnel were

not made aware of the existence of this manual and were not trained in emergency procedures. 49 CFR 192.615(10)(b)(1)(2) and 807 KAR 5:022, Section 13(9)(9b)1 and 2.

At the time of the inspection, local management and maintenance personnel were unaware of the fact that Legacy Farm was a master meter natural gas operator. They were unprepared either through training, knowledge or experience to operate a natural gas system in a safe and prudent manner. The upper management of Legacy Farm has failed to pass this information to its new onsite maintenance and management personnel. This situation is unchanged from the 1999 inspection, due again to personnel turnover.

RECOMMENDATIONS

It is recommended that Legacy Farm:

1. Protect this system cathodically or the steel portion of the system be replaced with approved plastic gas pipe.
2. Immediately conduct valve inspections to be assured that they will operate in the event of an emergency.
3. Begin patrolling this system immediately, note any abnormalities and correct them as soon as possible.
4. Write and follow an O&M plan specific to the Legacy Farm system.
5. Write and be prepared to follow an Emergency Plan specific to the gas facilities of Legacy Farm.

It is also recommended that in order to safely operate a natural gas system, maintenance personnel must have training on the safe and proper ways to respond to

leakage calls and also how to handle gas in an emergency. This training is available through the Kentucky Gas Association. Further information on the Kentucky Gas Association training seminars may be obtained by contacting Dr. Paul Lyons, Kentucky Gas Association, 92 Chestnut Street, Murray, Kentucky 42071, (270) 753-2151 or (800) 455-9427, email: itskga@ltd.net, web address: <http://www.kygas.org>.

It is further recommended that a copy of this report be sent to Legacy Farm directing it to respond by December 15, 2000 with a plan of correction to the cited deficiencies for Commission approval. It is further recommended that the Commission initiate a hearing to allow Legacy Farm to show cause why it should not be penalized for failure to comply with the pipeline safety regulations.

Respectfully submitted,

David B. Kinman
Gas Utility Investigator

DBK:dcp