

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BLAINE CITY GAS COMPANY)	
_____)	CASE NO. 2000-417
)	
ALLEGED VIOLATIONS OF)	
ADMINISTRATIVE REGULATION)	
807 KAR 5:022 and 49 CFR 189-199)	

O R D E R

Blaine City Gas Company (“Blaine”) is a municipally owned natural gas distribution system, which serves approximately 70 customers in the city of Blaine, Kentucky. Blaine, as a municipally owned gas distribution system, is subject to the jurisdiction of the Public Service Commission of Kentucky (“Commission”) for the regulation of the safety of its natural gas facilities, pursuant to KRS 278.495(2). Blaine 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 278.992 (1).

On August 29, 2001, we entered an Order imposing penalties upon Blaine for violations of safety regulations and put Blaine on notice that if it fails to comply with applicable law pursuant to the schedule provided herein, we would seek injunctive relief from the courts which may necessarily include an order prohibiting Blaine from continuing to operate its gas system. We emphasized to Blaine the interest of the

Commission as to Blaine's apparent lack of attention to the safety aspects of its natural gas distribution system by saying:

We cannot overstate our concern at the potentially catastrophic results of Blaine's continued failure to maintain proper oversight over its system. The conditions as they exist cannot be permitted to continue. We recognize Blaine's budget limitations, as well as the importance of gas service to its customers. However, the safety of Blaine's citizens must outweigh any other consideration in this case. Blaine's continued failure to comply with vital safety regulations will, accordingly, result in our taking all lawful steps to remedy the situation.

Of the 34 safety violations determined in the August 29, 2001 Order, the Commission set penalties and adopted a compliance schedule, which mandated Blaine to perform five specific tasks by a date certain. Blaine was to have complied with all safety requirements no later than January 1, 2002. The Commission also adopted a sliding scale of penalty payments if the specific required tasks were not performed.

Based upon the record, the Commission makes the following findings:

1. Blaine has filed a document, which indicated compliance with Ordering paragraph 2(a) of the August 29, 2001 Order locating its gas mains and performance of a leak survey.

2. Blaine has not filed with the Commission, as required by Ordering paragraph 2(b) of the Order of August 29, 2001, verified certification of compliance for the repair of all known leaks in its natural gas distribution system. Accordingly, \$10,000 of the suspended penalty is immediately due and payable.

3. Blaine has not filed with the Commission, as required by Ordering paragraph 2(c) of the Order of August 29, 2001, verified certification of compliance

establishing a MAOP for its system. Accordingly, \$5,000 of the suspended penalty is immediately due and payable.

4. Blaine has not filed with the Commission, as required by Ordering paragraph 2(d) of the Order of August 29, 2001, verified certification of compliance of the performance of an inspection of all regulators and relief valves on its system. Accordingly, \$5,000 of the suspended penalty is immediately due and payable.

5. The balance of the suspended penalty or \$30,000 remains suspended subject to the terms and conditions of the Order of August 29, 2001.

6. Blaine's failure to comply with applicable safety laws in adherence with the schedule of the Order of August 29, 2001 will necessitate our seeking appropriate injunctions from a court of law including, but not limited to, an Order requiring Blaine to cease providing gas service.

The Commission being sufficiently advised, IT IS HEREBY ORDERED that:

1. Of the penalty of \$50,000 assessed against Blaine and suspended for a period of 2 years, the following is now due and payable:

a. Ten Thousand (\$10,000) Dollars for failure to file a verified certification of compliance with the Commission Order to repair all known leaks in the gas system.

b. Five Thousand (\$5,000) Dollars for failure to file a verified certification of compliance with the Commission Order to establish a MAOP for its system.

c. Five Thousand (\$5,000) Dollars for failure to file a verified certification of compliance with the Commission of an inspection of all regulators and relief valves on its system.

2. Blaine shall, within 10 days of the date of this Order, pay to the Commonwealth of Kentucky the sum of Twenty Thousand (\$20,000) Dollars. This payment shall be in the form of a cashier's or certified check made payable to Kentucky State Treasurer and shall be mailed or delivered to: Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.

3. If Blaine does not pay the \$20,000 penalty and file verified certification of compliance within 10 days of the date of this Order, Blaine shall certify to the Commission its intent to cease operations of its natural gas distribution system or of pending transfer its system pursuant to KRS 96.5405.

Done at Frankfort, Kentucky, this 17th day of December, 2001.

By the Commission

ATTEST:


Executive Director