

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BARDWELL CITY UTILITIES	)	
	)	
_____	)	CASE NO. 2001-260
	)	
ALLEGED VIOLATIONS OF	)	
KRS 278.495 and 278.992(1)	)	

O R D E R

Bardwell City Utilities (“Bardwell”) is a municipally owned natural gas distribution system, which serves approximately 620 customers in Bardwell and Cunningham in Lyon County, Kentucky.

Bardwell is subject to the safety jurisdiction of the Commission, pursuant to KRS 278.040 and KRS 278.495. Bardwell 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 and the penalty provisions of KRS 278.992(1).

Commission Staff has submitted to the Commission a Comprehensive Inspection Report, dated August 8, 2001, in which Commission Staff alleges the following violations:

1. Cathodic protection readings at a rental house have been below the criteria of minus .850 millivolts for two consecutive reading periods, which is a violation of 49 CFR 192.465(d).

2. Bardwell's damage prevention program does not identify those persons who normally engage in excavation activities, which is a violation of 49 CFR Part 192.614(c)(1).

3. Bardwell's damage control program does not provide annual notification of the existence of the damage prevention program to the public in the vicinity of the pipeline, which is a violation of 49 CFR Part 192.614(2).

4. The pressure regulators and relief valves protecting the system from over and under pressure situations have not been inspected, which is a violation of 49 CFR Part 192.739. This is a repeat violation from the 1998 inspection of this system.

Based on its review of the Comprehensive Inspection Report and being otherwise sufficiently advised, the Commission finds *prima facie* evidence that Bardwell has failed to comply with KRS 278.495 and KRS 278.992(1).

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

1. Bardwell shall appear on November 14, 2001 at 10:00 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 and of showing cause why it should not be subject to the penalties prescribed in KRS 278.992(1) for these alleged violations. According to Kentucky law, corporations or foreign entities are required to be represented by an attorney authorized to practice in the Commonwealth of Kentucky in appearances before the Commission.

2. Neither opening statements nor witness' summaries of pre-filed direct testimony will be permitted.

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

4. 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.

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.

6. The Comprehensive Inspection Report of Bardwell, dated August 8, 2001, a copy of which is appended hereto, is made part of the record of this proceeding.

Done at Frankfort, Kentucky, this 18<sup>th</sup> day of September, 2001.

By the Commission

ATTEST:

  
Executive Director

COMMONWEALTH OF KENTUCKY  
PUBLIC SERVICE COMMISSION

**COMPREHENSIVE INSPECTION REPORT**

BARDWELL CITY UTILITIES  
Bardwell, Kentucky

August 8, 2001

**BRIEF**

David B. Kinman conducted a comprehensive inspection of the natural gas facilities of Bardwell City Utilities ("Bardwell") in Bardwell, Kentucky on August 2-3, 2001. 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**

This municipally-owned natural gas system consists of approximately 31 miles of plastic and steel pipe ranging in size from 2-6 inches serving about 620 residential and commercial consumers in Bardwell and Cunningham in Lyon County, Kentucky. Distribution pressures are held at about 35 pounds per square inch gauge ("psig"), with the transmission line into town operating at about 225 psig.

Robin Phelps provided assistance during this inspection. During the inspection, records pertaining to key valves, leakage survey and repair, patrolling, odorant, and regulator and relief valve inspections were reviewed. The Operation and Maintenance,

Emergency, and Damage Prevention Plans, the Drug and Alcohol Program, and the Operator Qualification Plan were also reviewed.

During the field inspection, visits were made to purchase and regulator stations, large volume meter sets, and numerous commercial and residential meter sets. Valve locations and crossing markers were also observed. Deficiencies noted during this inspection will be further discussed in the findings section of this report.

### FINDINGS

The following deficiencies were found:

1. Cathodic protection readings at the Flegle's rental house have been below the criteria of  $-0.850$  millivolts for two consecutive reading periods. *49 CFR Part 192.465(d)*
2. On a current basis, the damage prevention program does not identify those persons who normally engage in excavation activities. *49 CFR Part 192.614(c)(1)*
3. The damage control program does not provide annual notification of the existence of the damage prevention program to the public in the vicinity of the pipeline. *49 CFR Part 192.614(2)*
4. The pressure regulators and relief valves protecting the system from over and under pressure situations have not been inspected. This is a repeat violation from the 1998 inspection of this system. *49 CFR Part 192.739*

### RECOMMENDATIONS

It is recommended that Bardwell:

1. Maintain cathodic protection readings on the steel segments of the gas system at a level of at least  $-.850$  millivolts to prevent further deterioration of the steel mains.
2. Annually notify area contractors of the existence of the Bardwell Gas System and the steps to take to prevent damage to the system.
3. Annually notify the public through newspaper ads or other means as to the proper steps one should take if a leak or other emergency situation arises.
4. Immediately conduct inspections of all regulators and relief valves in the regulating station.

It is further recommended that the Commission hold a hearing to allow Bardwell to show cause why it should not be penalized for its failure to perform the required regulator and relief valve inspections.

Respectfully submitted,

David B. Kinman  
Gas Utility Investigator  
Gas Branch