

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MIKI THOMPSON AND)	
WINNIE GREER D/B/A)	
MIKE LITTLE GAS COMPANY, INC.)	
_____)	CASE NO. 1999-00267
)	
INVESTIGATION INTO ALLEGED VIOLATIONS)	
OF 807 KAR 5:022, SECTIONS 10(8); 10(9);)	
13(17)g; 14(12); 14(13); 14(21); 14(21)b; 14(23);)	
AND 14(25) AND 49 CFR 192.463; 192.465;)	
192.625(f); 192.721; 192.723; 192.739; 192.743;)	
AND 192.747)	

O R D E R

Mike Little Gas Company, Inc. (MLG), a Kentucky corporation, is a utility pursuant to KRS 278.010(3)(b) and is subject to Commission jurisdiction pursuant to KRS 278.040. MLG 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.*; the regulations of 49 CFR 189-199; KRS 278.495; and the penalty provisions contained in KRS 278.990 and KRS 278.992.

By Order dated August 4, 2000, the Commission approved a Settlement Agreement between Commission Staff and MLG and fully incorporated it into the Order. As part of that Settlement Agreement, MLG agreed to a compliance schedule, which, among other things, called for the replacement of all steel pipe in MLG s system no later than fall of 2001.¹ On July 31, 2000, MLG filed a letter advising the Commission

¹ MLG Supplemental Response filed October 4, 1999.

that, due to problems with its contractor, the agreed replacement would not be completed as planned and that the Commission would be kept informed of progress.²

On April 16 and May 2, 2002, a comprehensive inspection of MLG performed by Commission Staff revealed that approximately 8,500 feet of steel pipe in the MLG system is without corrosion control. The inspection further found that MLG has replaced 5,600 feet of its steel pipe with plastic pipe, as required by the August 4, 2000 Order.

Based on its review of the Comprehensive Inspection Report dated August 16, 2002; the Settlement Agreement incorporated in the Order dated August 4, 2000; and being otherwise sufficiently advised, the Commission finds prima facie evidence that MLG has failed to comply with 49 CFR Part 192.463 and 49 CFR 192.465. The Commission further finds prima facie evidence that MLG has failed to comply with the Commission's Order dated August 4, 2000, which may result in the imposition of the \$2,500 suspended penalty as set forth in ordering paragraph 2 of that Order.

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

1. Case No. 1999-00267 is reopened and is hereby placed upon the Commission's docket.
2. The Comprehensive Inspection Report dated August 16, 2002, a copy of which is appended hereto, is made part of the record of this proceeding.
3. Within 20 days of the date of this Order, MLG shall submit to the Commission a written response to the allegations contained herein and in the Comprehensive Inspection Report dated August 16, 2002.

² Letter from Miki Thompson, President of MLG, dated July 28, 2000.

4. MLG shall appear for an informal conference with Commission Staff on November 7, 2002, at 10:30 a.m., Eastern Standard Time, in Conference Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of considering any matter which would aid in the handling or final disposition of this proceeding.

5. A formal hearing shall be scheduled by future Order of the Commission.

Done at Frankfort, Kentucky, this 16th day of October, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX TO AN ORDER OF THE
KENTUCKY PUBLIC SERVICE COMMISSION

IN CASE NO. 1999-00267

DATED October 16, 2002

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

MIKE LITTLE GAS COMPANY, INC
MELVIN, KENTUCKY

August 16, 2002

BRIEF

Earl H. Alderman, Jr. conducted a comprehensive inspection of the natural gas facilities of Mike Little Gas Company, Inc. ("MLG") on April 16 and May 2, 2002. 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

MLG is a gas distribution system operating in Floyd, Kentucky, and serves approximately 475 customers (Elzie Neeley has 70 and MLG has 405).

A review was made of MLG's Operating and Maintenance, Emergency, Damage Prevention, Operator Qualification, and Anti-Drug Plans during the office portion of the inspection. Also during the office visit, records were reviewed concerning the leak survey, system patrolling, valve maintenance, corrosion surveys and regulator and relief valves.

Greg Howell of MLG assisted on this inspection.

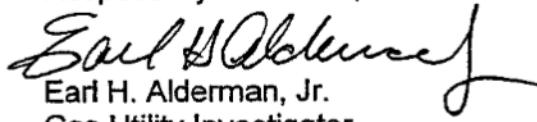
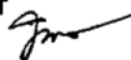
FINDINGS AND RECOMMENDATIONS

One deficiency was found during the inspection of MLG: There is no corrosion control on the steel sections of the system. 49 CFR Parts 192.463 and 192.465 (MLG is in the process of replacing all buried steel pipe in the system. Approximately 5,600 Ft. of ½, 1, 2 and 4 inch steel pipe has been replaced with plastic since the last Comprehensive Inspection. Approximately 8,500 ft. of steel pipe remains in the system). **This is a repeat violation from the April 14-15, 1999 comprehensive inspection that resulted in a show cause in Case No. 99-267.**

It is recommended that the Commission initiate a hearing to allow MLG to show cause why it should not be penalized for failure to comply with Commission regulations.

It is also recommended that maintenance personnel from MLG attend the various training seminars conducted throughout the state to learn to operate its natural gas system safely. The training available for maintenance personnel on the safe and proper ways to respond to leakage calls, how to handle gas in an emergency, and how to safely operate a natural gas system is available through the Kentucky Gas Association ("KGA"). Further information on the KGA training seminars may be obtained by contacting Dr. Paul Lyons, KGA, 310 C.C. Lowry Drive, Murray, Kentucky 42071, (270) 753-2151 or (800) 455-9427, E-mail Address: p.lyons@kygas.org, web address: <http://www.kygaz.org>.

Respectfully submitted,


Earl H. Alderman, Jr.
Gas Utility Investigator 

EHA:dcp
0204500