

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NAMI RESOURCES COMPANY, LLC)	
)	
_____)	CASE NO.
)	2003-00061
ALLEGED VIOLATIONS OF)	
KRS 278.992(1))	

O R D E R

Nami Resources Company, LLC (Nami) is a small gathering and transmission company located in Bell, Clay, Knox, Leslie, and Whitley counties, Kentucky. Nami has approximately 500 wells and 155 farm tap customers.

Nami is subject to the jurisdiction of the Commission, pursuant to KRS 278.040 and KRS 278.495. Nami is also subject to Commission safety 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 contained in KRS 278.992.

Commission Staff has submitted to the Commission a Comprehensive Inspection Report, dated February 10, 2003, in which Commission Staff alleges the following violations:

1. No Operator Qualification Plan has been implemented as required by 49 CFR Part 192.805.
2. There are no records for a Patrol Program as required by 49 CFR Part 192.705.

3. There are no records of a leak survey for the system as required by 49 CFR Part 192.706. This is a repeat violation.

4. There are no records of annual inspection and partial operation of main line valves for the system as required by 49 CFR Part 192.745.

5. There are no records of corrosion control surveying for the system as required by 49 CFR Part 192.465. This is a repeat violation.

6. There are no records of an establishment of a continuing education program as required by 49 CFR Part 192.616.

7. There is no Operation and Maintenance Plan as required by 49 CFR Part 192.605.

8. There is no Damage Prevention Program as required by 49 CFR Part 192.614.

9. There is no written Emergency Plan as required by 49 CFR Part 192.615.

10. There are no posted warning signs at compressor stations as required by 49 CFR Part 192.751.

11. There is no current Anti-Drug Plan as required by 49 CFR Part 199.101.

12. There is no current Alcohol Misuse Plan as required by 49 CFR Part 199.202.

Based on its review of the Comprehensive Inspection Report and being otherwise sufficiently advised, the Commission finds prima facie evidence that Nami is in violation of minimum safety regulations as set out herein pursuant to KRS 278.992(1).

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

1. Nami shall appear on April 22, 2003, at 9:00 a.m., Eastern Daylight 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, and of showing cause why it should not be subject to the penalties prescribed in KRS 278.992(1) for the alleged violations. According to Kentucky law, corporations or foreign entities who wish to fully participate in the hearing process before the Commission are required to be represented by an attorney authorized to practice in the Commonwealth of Kentucky.

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

3. The Comprehensive Inspection Report of Nami dated February 10, 2003, 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, Nami shall submit to the Commission a written response to the allegations contained in the Comprehensive Inspection Report.

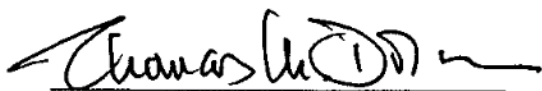
5. Any motion for continuance of a hearing set by the Commission shall be made only for good cause and sufficiently in advance of the hearing date to allow time for the Commission to rule upon the motion.

6. 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 11th day of March, 2 003.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. (T) [unclear]", written over a horizontal line.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00061 DATED March 11, 2003

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

NAMI RESOURCES COMPANY, LLC
LONDON, KENTUCKY

February 10, 2003

BRIEF

Messrs. Earl H. Alderman, Jr. and Bill Aitken conducted a comprehensive inspection of the natural gas facilities of Nami Resources Company, LLC (Nami) on October 24, November 14, November 26 27, and December 19, 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

Nami is a small gathering and transmission company located in Bell, Clay, Knox Leslie, and Whitley Counties, Kentucky. The system has ten compressor stations with various amounts of 100 to 1,300 feet of discharge line which is coated three-, four-, and six-inch steel pipe with a discharge pressure of 95 to 400 pounds per square inch gage (psig). Nami has approximately 500 wells and 155 farm tap customers. The gathering system consists of two- through eight-inch diameter steel and plastic pipe operating at pressures ranging from 5-300 psig.

A review was made of Nami's Operating and Maintenance, Emergency, Damage Prevention, Operator Qualification, Anti-Drug and Alcohol Misuse 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.

Messrs. Joe Caldwell and Dave Lemley assisted the PSC staff during the inspection.

FINDINGS

The following deficiencies were found:

1. There is no Operator Qualification Plan. 49 CFR Part 192.805.
2. There are no patrolling records. 49 CFR Part 192.705.
3. There are no leak survey records for the system. 49 CFR Part 192.706.

This is a repeat violation of the April 2, 1998 Comprehensive Inspection Report.

4. There are no annual maintenance records on main line valves. 49 CFR Part 192.745.

5. There are no corrosion survey records for the system. 49 CFR Part 192.465(a). **This is a repeat violation of the April 2, 1998 Comprehensive Inspection Report.**

6. There are no records showing an established continuing educational program to enable customers, the public, appropriate government organizations, and persons engaged in excavation related activities to recognize a gas pipeline

emergency for the purpose of reporting it to the operator or appropriate public officials. 49 CFR Part 192.616.

7. There is no current Operating and Maintenance Plan. 49 CFR Part 192.605.
8. There is no current Anti-Drug program. 49 CFR Part 199.101.
9. There is no current Alcohol Misuse program. 49 CFR Part 199.202.
10. There is no current Damage Prevention Program. 49 CFR Part 192.614.
11. There is no current Emergency Plan 49 CFR Part 192.615.
12. There are no warning signs at compressor stations. 49 CFR Part 192.751(c)

RECOMMENDATIONS

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

Respectfully submitted,

Earl H. Alderman, Jr.
Gas Utility Investigator
Gas Branch

William Aitken
Gas Utility Investigator
Gas Branch

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