

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AUGUSTA PUBLIC GAS PROJECT)	
)	
_____)	CASE NO. 2003-00082
)	
ALLEGED VIOLATIONS OF)	
KRS 278.495 AND 278.992)	

O R D E R

Augusta Public Gas Project (Augusta) is a municipally owned natural gas distribution system, serving several hundred residential and commercial consumers in Bracken County, Kentucky. Augusta is subject to the safety jurisdiction of the Commission, pursuant to KRS 278.040 and KRS 278.495. Augusta 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).

On April 2, 2003, the Commission issued a show cause Order to Augusta for alleged violations of 49 U.S.C. § 60101, and for assessment of a penalty for those violations pursuant to KRS 278.992.

On May 19, 2003, an informal conference was held pursuant to the request of Augusta. During the informal conference, Commission Staff and the representatives of Augusta entered into negotiations to resolve all outstanding issues in this proceeding. A Settlement Agreement was executed and is appended hereto for Commission approval.

In reviewing this Settlement Agreement, the Commission has considered, *inter alia*, the circumstances surrounding both of the inspection reports, the cooperation of the city officials of Augusta, and the willingness of Augusta to comply with all pipeline safety regulations.

The Commission finds that the Settlement Agreement is in accordance with the law, does not violate any regulatory principle, results in a reasonable resolution of this case, and is in the public interest.

IT IS THEREFORE ORDERED that:

1. Augusta has waived a hearing and therefore no formal hearing shall be held in this case.
2. The Settlement Agreement, appended hereto, is incorporated into this Order as if fully set forth herein.
3. The terms and conditions set forth in the Settlement Agreement are adopted and approved.
4. Upon the payment of the penalty as set out in Paragraph No. 3 of the Settlement Agreement, this case shall be removed from the Commission's docket without further Order.

Done at Frankfort, Kentucky, this 19th day of June, 2003.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00082 DATED June 19, 2003

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AUGUSTA PUBLIC GAS PROJECT)
_____) CASE NO. 2003-00082
ALLEGED VIOLATIONS OF)
KRS 278.495 AND 278.992)

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered into this 2 day of June, 2003, by and between the STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY ("Commission Staff") and AUGUSTA PUBLIC GAS PROJECT("Augusta").

WITNESSETH:

WHEREAS, Augusta is a municipally owned natural gas distribution system, serving approximately 900 residential and commercial customers in Bracken County, Kentucky; and

WHEREAS, Augusta is subject to the safety jurisdiction of the Commission, pursuant to KRS 278.495(2), and 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 KRS 278.992; and

WHEREAS, on April 2, 2003, the Public Service Commission entered an Order establishing this case and directing Augusta to show cause why it should not be subject to the penalties of KRS 278.992 relating to a Comprehensive Inspection Report dated February 19, 2003; and

WHEREAS, Augusta filed its response to the Commission's Order and requested an informal conference with Commission Staff; and

WHEREAS, Augusta has cooperated with Commission Staff in correcting the violations; and

WHEREAS, Augusta and Commission Staff held an informal on May 19, 2003, and Augusta and Commission Staff desire to settle the issues raised in this proceeding and have entered into this Settlement Agreement through compromise.

NOW THEREFORE, Augusta and Commission Staff agree that:

1. Augusta waives a formal hearing in this case.
2. Augusta shall be assessed a civil penalty of \$5,000 for the violations alleged in the Order of April 2, 2003. However, \$2,500 of that penalty shall be suspended for a period of one year upon the following conditions:
 - a. Augusta shall maintain all necessary records as required by law regarding the qualifications of its employees.
 - b. No violations by Augusta of gas pipeline regulations within the one year period.
3. Within 10 days after the entry of an Order approving this Settlement Agreement, Augusta shall pay to the Commonwealth of Kentucky the sum \$2,500. This payment shall be in the form of a cashier's check made payable to the Kentucky State Treasurer, and shall be mailed or delivered to the Office of General Counsel, Public Service Commission of Kentucky, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.
4. Nothing contained herein shall be construed as an admission of a willful violation of any federal or state statute or any provision of an administrative regulation nor shall the Public Service Commission's acceptance of this agreement be construed as a

finding of a willful violation of any statute or administrative regulation. This Settlement Agreement shall not be used for any purpose in any subsequent legal or administrative proceeding (other than a proceeding by the Commission to enforce the terms of this Settlement Agreement), and utility shall not be precluded or estopped from raising any issue, claim or defense therein by reason of the execution of this Settlement Agreement.

5. This Agreement is subject to the acceptance of and approval by the Public Service Commission.

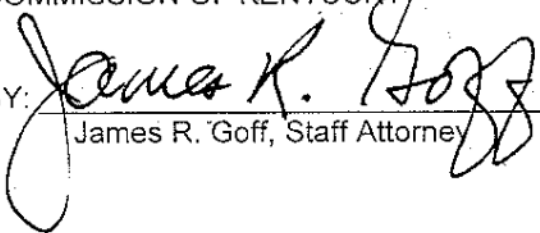
6. If the Public Service Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward and neither the terms of this Settlement Agreement nor any matters raised during settlement negotiations shall be binding on either signatory or be construed against either Augusta or Commission Staff.

7. Commission Staff shall recommend to the Public Service Commission that this Settlement Agreement be accepted and approved.

IN WITNESS WHEREOF, Augusta and Commission Staff have executed this Settlement Agreement the day and year first above written by and through their duly authorized representatives.

STAFF OF THE PUBLIC SERVICE
COMMISSION OF KENTUCKY

BY:


James R. Goff, Staff Attorney

AUGUSTA PUBLIC GAS PROJECT

BY:


TITLE: Mayor