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Commonwealth of Kentucky  
**Public Service Commission**  
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Kent A. Chandler  
Chairman

Amy D. Cabbage  
Vice Chairman

March 10, 2022

Kerry Kasey, President  
Valley Gas, Inc.  
P.O. Box 55, 401 First Street  
Irvington, KY 40146

Re: Valley Gas Follow-up Inspection

Dear Mr. Kasey:

Public Service Commission staff sent you a cover letter with an inspection report regarding a review of your operations and management practices citing seven violations dated August 13, 2021.

Based on the Public Service Commission staff review of the utility's response to the deficiencies, documents submitted by the utility and follow up inspections conducted on site on November 2, 2021 and records reviewed on January 6 and March 1, 2022, PSC staff finds that the Valley gas system has cleared the seven violations cited in the July 12,14,15,16,19, & August 10, 2021, inspection. This closes the 2021 inspection.

The violations cited in the July 12,14,15,16,19, & August 10, 2021, inspection remain subject to administrative review for possible enforcement action under KRS 278.992(1). This letter does not exonerate the Valley Gas nor relieve it of any liability for any civil penalties that may be assessed for the violations.

If you have any questions regarding this correspondence, please contact David Nash at (502)782-2611 or via email at [David.Nash@ky.gov](mailto:David.Nash@ky.gov).

Sincerely,

Melissa C. Holbrook  
Assistant Director DOI  
Public Service Commission

# INSPECTION REPORT

## INSPECTION INFORMATION

KY PSC Inspector(s):	David Nash	Report Number:	03012022VG
Inspection Date(s):	11/2/2021, 1/6/2022 & 3/1/2022	Report Date:	3/1/2022
Inspection Type:	<input type="checkbox"/> Standard <input checked="" type="checkbox"/> Compliance Follow-up	<input type="checkbox"/> Integrity Management <input type="checkbox"/> Construction	<input type="checkbox"/> Operator Qualification

## OPERATOR INFORMATION

Name of Operator:	Valley Gas, Inc.	OP ID No.: (If no OP ID No., explain if an application has been submitted.)	39515	
Type of Facility:	Private Distribution	Location of Facility:	Irvington, KY	
Area of Operation:	City of Irvington & Breckinridge County			
Official Operator Contact and Address: (Contact for Inspection Letter)	Unit Name and Address			
Kerry Kasey, President Valley Gas, Inc. P.O. Box 55, 401 First Street Irvington, KY 40146				
Phone # and Email:	270-547-2455 <a href="mailto:igenergy@bbtel.com">igenergy@bbtel.com</a>			
Records Location:	401 First Street, Irvington, KY 40146			
<u>Persons Interviewed</u>	<u>Title</u>	<u>Phone No.</u>	<u>Email</u>	
Kevin Kasey	VP Valley Gas	270-547-0504	<a href="mailto:igenergy@bbtel.com">igenergy@bbtel.com</a>	
Jason Brangers	PE - USDI	502-819-1338	<a href="mailto:jason@usdi.us">jason@usdi.us</a>	
Zack Farhat	Engineer - USDI	502-260-0064	<a href="mailto:zfarhat@usdi.us">zfarhat@usdi.us</a>	
Has the Operator provided an updated Emergency Contact List?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> No	
Number of Customers:	480			
Number of Gas Employees:	7			
Gas Supplier:	Texas Gas Transmission			
Unaccounted for Gas:	2%			
7100 Submitted Date:	# of Leaks	# Excavation Tickets	# Excavation Damages	# EFV's installed
	0	51	0	0
Operating Pressure(s):	MAOP (within last year)		Actual Operating Pressure (at time of inspection)	
Feeder:	200		145	
Town:	60		40	
Other:				
Does the Operator have any transmission pipeline (above 20% SMYS):	n/a			
Additional Operator Information:	Follow-Up inspection for the August 10, 2021 inspection resulted in 7 violations			

Date of Last Inspection:	8-10-2021 Nash		
Number of Violations:	7	Violations not Cleared:	0

Summary of Areas Inspected

<p><u>PHMSA Question Set</u></p> <p><input type="checkbox"/> Emergency Plan</p> <p><input type="checkbox"/> Cathodic Protection</p> <p><input type="checkbox"/> Odorization</p> <p><input type="checkbox"/> Pipeline Markers</p> <p><input type="checkbox"/> Field Inspection</p>	<p><input type="checkbox"/> Operations and Maintenance Plan</p> <p><input type="checkbox"/> Accidents</p> <p><input type="checkbox"/> Operator Qualification</p> <p><input type="checkbox"/> Regulator Stations</p> <p><input type="checkbox"/> NTSB Questions</p>	<p><input type="checkbox"/> Critical Valves Maintenance Inspections</p> <p><input type="checkbox"/> Leak Surveys</p> <p><input type="checkbox"/> Damage Prevention</p> <p><input type="checkbox"/> DIMP</p>
<p><u>Other:</u> Follow-up inspection</p>		

<p><input type="checkbox"/> Cybersecurity</p>	<p><input type="checkbox"/> Other</p>	
<p><u>Other:</u></p>		

## Summary

The following 7 violations were cited in the July 12,14,15,16,19, & August 10, 2021, standard inspection of the Valley Gas natural gas system. A follow-up inspection and records review were required to clear the violations and check the operators progress. The violations were reviewed as follows.

## Findings

1. Operator has not conducted annual review of written procedures as required per 192.605(a) **See additional notes in follow-up report**
2. Operator has not conducted Emergency Response Training as required per 192.615(b)(2) **See additional notes in follow-up report**
3. Records indicate the operator has not maintained sufficient odorant levels to meet the requirement of readily detectable at a concentration of 1/5 of Lower Explosive Limit – (1% Gas in Air) per 192.625(a) **See additional notes in follow-up report**
4. Operator could not produce records that Patrolling of Distribution System had been conducted per 192.721(b) **See additional notes in follow-up report**
5. Records indicated the regulator station at 2115 Bewleyville Road has not been inspected once each calendar year, not to exceed 15 months. The current configuration does not allow proper testing of the station per 192.739(a) **See additional notes in follow-up report**
6. Operator could not produce complete operator qualification records for Valley gas employees performing covered tasks per 192.807(b) – No records between 9/2014 & 2/2020 **See additional notes in follow-up report**
7. Valley Gas employees were performing covered tasks for which they did not have current operator qualification certifications per CFR 192.805(b) Records indicate that employees are not currently qualified to perform the following tasks
  - # 7 Pipe-To-Soil Potentials (CP Readings) – No record of training
  - # 14 Emergency Valve Inspection - No record of training
  - # 35 Odorization Testing - Expired 9/26/2017
  - # 54 Locate and Mark Underground Facilities - Expired 9/26/2017**See additional notes in follow-up report**

Submitted By:

*David Ross*

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Utility Regulatory and Safety Investigator

## Records - Operations And Maintenance Performance

**5. Normal Maintenance and Operations (detail)** *Has the operator conducted annual reviews of the written procedures in the manual as required? (MO.GO.OMANNUALREVIEW.R) (detail)*

192.605(a)

Sat+	Sat	Concern	Unsat	NA	NC
	X				

**Notes:** Operator has not conducted annual review of written procedures as required per 192.605(a)

**Follow-up:**

USDI provided updated plans and manuals for Valley Gas on 7/12/2021

On 11/2/2022, operator produced document indicating new manuals were reviewed 7/13/2021 by Kerry Kasey & Kevin Kasey

**12. Emergency Response Training (detail)** *Has the operator trained the appropriate operating personnel on emergency procedures and verified that the training was effective in accordance with its procedures? (EP.ERG.TRAINING.R) (detail)*

192.605(a) (192.615(b)(2))

Sat+	Sat	Concern	Unsat	NA	NC
	X				

**Notes:** Operator has not conducted Emergency Response Training as required per 192.615(b)(2)

**Follow-up:**

Valley Gas employees received Emergency Response Procedure training 11/2/2021  
Reviewed records

**20. Odorization of Gas (detail)** *Do records indicate appropriate odorization of its combustible gases in accordance with its procedures and conduct of the required testing to verify odorant levels met requirements? (MO.GOODOR.ODORIZE.R) (detail)*

192.709(c) (192.625(a); 192.625(b); 192.625(c);  
192.625(d); 192.625(e); 192.625(f))

Sat+	Sat	Concern	Unsat	NA	NC
	X				

**Notes:** Records indicate the operator has not maintained odorant levels to the requirement of readily detectable at a concentration of 1/5 of Lower Explosive Limit – (1% Gas in Air) per 192.625(a)

Reviewed 2019-2021 records – majority of readings above 1/5 LEL – (Above 1% Gas in Air)

**Follow-up:**

Records reviewed on 11/2/2022, from 8/6/2021 thru 10/29/2021, indicate that valley Gas has maintained required odorant levels

USDI has made repairs to site glass and valve on odorator unit



**22. Distribution Patrolling Requirements (detail)** Do records indicate that ROW surface conditions have been patrolled as required? (PD.RW.PATROL.R) (detail)

192.721

Sat+	Sat	Concern	Unsat	NA	NC
	X				

**Notes:** Operator could not produce records that Patrolling of Distribution System had been Conducted per 192.721

Operator indicated that patrolling has been conducted annually in conjunction with manual meter reading once per year. This was last conducted on May 17, 2021, however, there is no indication on the meter reading records that patrolling was performed.

**Follow-up:**

To rectify this deficiency, USDI has provided operator with Pipeline Patrol Report – 1101 to properly document patrolling conducted in the future

**32. Pressure Limiting and Regulating Stations Inspection and Testing (detail)** Do records indicate inspection and testing of pressure limiting, relief devices, and pressure regulating stations as required and at the specified intervals? (MO.GMOPP.PRESSREGTEST.R) (detail)

192.709(c) (192.739(a); 192.739(b))

Sat+	Sat	Concern	Unsat	NA	NC
	X				

**Notes:** 2019-2020 records indicated the regulator station at 2115 Bewleyville Road has not been inspected once each calendar year, not to exceed 15 months. The current configuration does not allow proper testing of the station per 192.739(a)

**Follow-up:**

Operator contracted USDI to rebuild and properly test the Bewleyville Rd. Regulator Station. Records reviewed – Conducted 8/3/2021 – Daniel Jefferson - USDI

## Records - Operator Qualification

**1. Qualification Records for Personnel Performing Covered Tasks (detail)** Do records document the evaluation and qualifications of individuals performing covered tasks, and can the qualification of individuals performing covered tasks be verified? (TQ.OQ.RECORDS.R) (detail)

192.807(b)

Sat+	Sat	Concern	Unsat	NA	NC
	X				

**Notes:** Operator could not produce complete records for Valley gas employees performing covered tasks Per 192.807(b) – No records between 9/2014 & 2/2020

**Follow-up:**

Operator contracted USDI to conduct OQ training on multiple tasks for Valley Gas employees Reviewed 2021 USDI/Energy World Net records for 5 Valley Gas employees

## Training and Qualification - Operator Qualification

**12. Qualification Records for Personnel Performing Covered Tasks (detail)** *Do records document the evaluation and qualifications of individuals performing covered tasks, and can the qualification of individuals performing covered tasks be verified? (TQ.OQ.RECORDS.R) (detail)*

192.807

Sat+	Sat	Concern	Unsat	NA	NC
	x				

**Notes:** Citing CFR 49 Part 192.805(b) – Ensure through evaluation that individuals performing covered tasks are qualified.

Records indicate that employees are not currently qualified to perform the following tasks

#7 Pipe-To-Soil Potentials (CP Readings) – No record of training

#14 Emergency Valve Inspection – No record of training

#35 Odorization Testing – Expired 9/26/2017

# 54 Locate and Mark Underground Facilities – Expired 9/26/2017

**Follow-up:**

Operator contracted USDI to conduct OQ training for Valley Gas employees

**Records reviewed: Pipe to soil Potentials:** David Doutaz – Qualified 10/22/2021  
 Heath Eskridge – Qualified 10/20/2021  
 Brad Fackler – Qualified 10/19/2021  
 Daniel Griffith – Qualified 10/22/2021

**Valve Inspection:** David Doutaz – Qualified 10/21/2021  
 Heath Eskridge – Qualified 10/20/2021  
 Brad Fackler – Qualified 10/19/2021  
 Daniel Griffith – Qualified 10/21/2021

**Odorization Testing:** David Doutaz – Qualified 10/22/2021  
 Heath Eskridge – Qualified 10/20/2021  
 Brad Fackler – Qualified 10/19/2021  
 Daniel Griffith – Qualified 10/22/2021

**Locating Facilities:** Jason Brooks – Qualified 10/19/2021  
 David Doutaz – Qualified 10/22/2021  
 Heath Eskridge – Qualified 10/20/2021  
 Brad Fackler – Qualified 10/19/2021  
 Daniel Griffith – Qualified 10/22/2021