

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

RECEIVED

In the Matter of:

B.T.U. GAS COMPANY, INC.

CASE NO. 2007-00403

APR 19 2010

PUBLIC SERVICE
COMMISSION

Alleged violations of administrative regulation
807 KAR 5:006, 807 KAR 5:022,
807KAR 5:027 and 49 CFR 191-192

CLOSING STATEMENT ON BEHALF OF BTU GAS COMPANY, INC.

BTU has made progress on the deficiencies as listed in the order of December 1, 2009. During the first inspection the inspectors cleared 6 of the original 16 deficiencies.¹

As to the remaining current deficiencies alleged in the order of December 1, 2009, the witnesses on behalf of the PSC admitted they had not looked at the submitted manuals.²

Originally, BTU attempted to draft their Public Awareness Plan and Operators and Maintenance Manual in-house. These documents were submitted as Exhibits 2 and 3 to the Second Response to the Informal Conference Memorandum submitted on November 3, 2008. BTU received no response from the PSC after these materials were submitted. This is apparently because the PSC participants at the informal conference were never aware these documents had been filed by BTU.

¹ Transcript Page 20

² Transcript Page 26

Mr. William Aitken was called by the PSC and he testified his position was Inspector IV. He also testified he was familiar with the items that were to be submitted, according to the memo drafted after the informal conference held on July 17, 2008. Mr. Aitken was questioned as follows:

Q. Are the items that are on the memo that BTU agreed to provide, were those documents provided any time close in time to that conference?

A. I don't believe they were, but I can't say for certainty.

Q. But, again, we're looking at a Public Awareness Plan, Operator Qualification Plan, Operation and Maintenance Manual. Those are just some of the documents that have recently come to the Commission in Mrs. William's pre-filed testimony and exhibits that have been produced since then: is that correct?

A. That's correct. Yes.³

The filing BTU made with the PSC proves this testimony is simply incorrect. On August 25, 2008 BTU filed the First Response to Informal Conference Memorandum containing a list of all current customers and addresses and the written contract between BTU and P&J Resources. On November 3, 2008, BTU filed the Second Response to Informal Conference Memorandum containing the sample letter mailed to BTU customers concerning exposed gas lines, a copy of the Public Awareness Program of BTU Gas Company, Inc. and a copy of the Operations and Maintenance Manual of BTU Gas Company, Inc. On November 13, 2008, BTU filed the Third Response

³ Transcript Page 45

to Informal Conference Memorandum containing the manual and model number of the equipment used for leak surveys.

The currently submitted Operations and Maintenance Plan, Operator Qualification Plan and Public Awareness Plan submitted by BTU Gas with the testimony of Pam Williams is, in reality, the second plan that has been submitted by BTU. The first plan was submitted on November 3, 2008 and received no response until the inspection conducted in July of 2009. This apparently occurred because, according to the testimony of the PSC witnesses, the PSC did not realize it had been submitted.

Since receiving the Jason R. Brangers letter of August 14, 2009 BTU hired an outside consultant, Roger Wingate, a qualified third party contractor, who has drafted the manuals submitted to the PSC as exhibits to the testimony of Pam Williams and who has been contracted to perform the services needed to qualify the individuals that will be performing qualified tasks for BTU Gas.

During the hearing counsel for the PSC addressed the form F7100.1-1 with BTU Gas. Attached is the form F7100.1-1 that has been faxed and mailed to U.S. Department of Transportation on behalf of BTU.

Also during the hearing the efforts of BTU to join the 811 system was addressed by counsel for the PSC. BTU continues to work with the 811 system to register with the system. The latest work is detailed by the attached email communication.

BTU contends that all the deficiencies of the order of December 1, 2009 have been addressed by these documents and the forms adopted by BTU after

these were drafted, except for the two areas of qualifying personnel and odorant sampling. BTU is currently working diligently to cure these deficiencies.

As Mr. Wingate testified at the hearing, BTU has an established list of qualifying tasks and deficiencies he would be able to assist the company with and it included all the deficiencies except the drug and alcohol plan.⁴ The drug and alcohol plan of BTU was submitted as Exhibit Six to the testimony of Pam Williams.

BTU has been mistaken in believing the efforts it could make on its own ability were sufficient to meet the codes and regulations. They have retained the services of an approved outside contractor who will help them cure 16 of the 17 deficiencies in the order of December 1, 2009. The drug and alcohol plan is submitted to the PSC. BTU requests this effort to cure these deficiencies be taken into consideration when the PSC considers the penalties in KRS 278.992(1).

Respectfully submitted,



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Frankfort, Kentucky 40602-1100
(502) 223-1200
Fax 502 227-7385

CERTIFICATE OF SERVICE

⁴ Transcript page 92

I hereby certify the original and six copies of this Closing Statement on behalf of BTU Gas Company, Inc. have been served by U.S. mail postage prepaid, this the 15th day of April, 2010 upon the following:

Jeff Derouen
Executive Director
P.O. Box 615
Frankfort, KY 40602-0615



KAREN CHRISMAN

NOTICE: This report is required by 49 CFR Part 101. Failure to report may result in a civil penalty not to exceed \$100,000 for each violation. Form Approved CMB No. 2137-0622
 for each day the violation continues up to a maximum of \$1,000,000 as provided in 49 USC 60122.

U.S. Department of Transportation
 Pipeline and Hazardous Materials
 Safety Administration

ANNUAL REPORT FOR CALENDAR YEAR 20__
GAS DISTRIBUTION SYSTEM

INITIAL REPORT
 SUPPLEMENTAL REPORT

PART A - OPERATOR INFORMATION

1. NAME OF OPERATOR
BTU GAS Co Inc

2. LOCATION OF OFFICE WHERE ADDITIONAL INFORMATION MAY BE OBTAINED
P.O. Box 907 AC 60 Lakoville Rd
 Number and Street
Salversville - Magoffin County
 City and County
Kentucky 41465
 State and Zip Code

5. STATE IN WHICH SYSTEM OPERATES: K.Y. (provide a separate report for each state in which system operates)

DOT USE ONLY

3. OPERATOR'S 5 DIGIT IDENTIFICATION NUMBER
11111

4. HEADQUARTERS NAME & ADDRESS, IF DIFFERENT
 Number and Street
 City and County
 State and Zip Code

PART B - SYSTEM DESCRIPTION

Report miles of main and number of services in system at end of year.

1. GENERAL

	STEEL				PLASTIC	CAST/WROUGHT IRON	DUCTILE IRON	COPPER	OTHER	OTHER	TOTAL
	UNPROTECTED		CATHODICALLY PROTECTED								
	BARE	COATED	BARE	COATED							
MILES OF MAIN					87						
NO. OF SERVICES					11.25						

2. MILES OF MAINS IN SYSTEM AT END OF YEAR

MATERIAL	UNKNOWN	2" OR LESS	OVER 2" THRU 4"	OVER 4" THRU 6"	OVER 6" THRU 12"	OVER 12"	TOTAL
STEEL							
DUCTILE IRON							
COPPER							
CAST/WROUGHT IRON							
PLASTIC							
1. PVC							
2. PE							
3. ABB							
OTHER SDR11		11.25	87				
OTHER							
SYSTEM TOTALS							

3. NUMBER OF SERVICES IN SYSTEM AT END OF YEAR 440 AVERAGE SERVICE LENGTH 13.5 FEET

MATERIAL	UNKNOWN	1" OR LESS	OVER 1" THRU 2"	OVER 2" THRU 4"	OVER 4" THRU 6"	OVER 6"	TOTAL
STEEL							
DUCTILE IRON							
COPPER							
CAST/WROUGHT IRON							
PLASTIC							
1. PVC							
2. PE							
3. ABB							
OTHER SDR11			11.25	87			
OTHER							
SYSTEM TOTALS							

Form PHMSA # 7100.1-1 (12-05)

Reproduction of this form is permitted.

4. MILES OF MAIN AND NUMBER OF SERVICES BY DECADE OF INSTALLATION										
	UN-KNOWN	PRE-1940	1940-1949	1950-1959	1960-1969	1970-1979	1980-1989	1990-1999	2000-2009	TOTAL
MILES OF MAIN									60	87
NUMBER OF SERVICES									300	440

PART C - TOTAL LEAKS ELIMINATED/REPAIRED DURING YEAR		
CAUSE OF LEAK	REPAIRED	
	Mains	Services
CORROSION		
NATURAL FORCES		
EXCAVATION		
OTHER OUTSIDE FORCE DAMAGE		
MATERIAL OR WELDS		
EQUIPMENT		
OPERATIONS		
OTHER		

PART D - TOTAL NUMBER OF LEAKS ON FEDERAL LAND REPAIRED OR SCHEDULED FOR REPAIR
0

PART E - PERCENT OF UNACCOUNTED FOR GAS
<p>Unaccounted for gas as a percent of total input for the 12 months ending June 30 of the reporting year.</p> <p>[(Purchased gas + produced gas) minus (customer use + company use + appropriate adjustments)] divided by (purchased gas + produced gas) equals percent unaccounted for.</p>
<p>Input for year ending 6/30: <u>5</u> %</p>

NUMBER OF KNOWN SYSTEM LEAKS AT END OF YEAR SCHEDULED FOR REPAIR: 0

PART F - ADDITIONAL INFORMATION

PART G - PREPARER AND AUTHORIZED SIGNATURE

Ram Williams President
(Type or print) Preparer's Name and Title

606-884-2000
Area Code and Telephone Number

rwbtu@foothills.net
Preparer's email address

606-884-2010
Area Code and Facsimile Number

Ram Williams
Name and Title of Person Signing

606-884-2000
Area Code and Telephone Number

Ram Williams
Authorized Signature

Karen Chrisman

From: Pam Williams [pwbtu@foothills.net]
Sent: Wednesday, April 14, 2010 4:14 PM
To: KAREN CHRISMAN
Subject: FW: Maps

Karen,

Received this one also. Just wanted you to see we are communicating.

Thanks

Pam

-----Original Message-----

From: Jill Roberts [mailto:jroberts@kentucky811.org]
Sent: Tuesday, April 06, 2010 8:35 AM
To: Pam Williams
Subject: RE: Maps

Hi Pam,

I am leery of adding service area based on the directions you provided below. Some of those roads are very long and I don't know if you are cover the entire length or not. I'm not sure why you are having problems but you can try to get to the maps by clicking on <http://kupiweb.org/irthinternet/IrthLogin.asp> and go through the steps to download the active x controls.

If you would like to provide me with maps of your facilities I can add the areas myself. Some people have printed out 8 1/2 x 11 maps and added their service area with pen and faxed them to me.

Regardless of how we get your service area into our system, I will need you to ensure it is correct before I save and release it into production.

Please let me know how you would like to proceed or if you want to just send the maps, I will contact you once I add them in our system.

I hope you have a great day!

Thanks,

Jill

Phone: 502-493-3541

Fax: 502-493-6161

www.kentucky811.org

-----Original Message-----

From: Pam Williams [mailto:pwbtu@foothills.net]
Sent: Monday, April 05, 2010 4:44 PM
To: Jill Roberts
Subject: Maps

Ms. Roberts,

I can not get this link to open up. Our pipelines are located in Magoffin County, Kentucky. We have them in the Royalton area (Route 7), along 1090 and 867, along 2019, along Rt. 30, along 1081, Buffalo Road, along 3334, along Rt. 40, Oakley Road, and in the Dixie area of

Salyersville. I will keep working with this map it may just be my internet. This is the general areas where we have pipelines.

Hope this helps in getting this set up. As soon as I get this to open up I will continue with the set up of this.

Thank you,
Pam

----- This message has been scanned by the Underground Safety Alliance
Anti Virus Server and found to be virus free. Additionally this message contains information
which may be confidential and privileged.
Unless you are the addressee (or authorized to receive for the addressee), you may not use,
copy or disclose to anyone the contents of this message. If you have received this email
message in error, please advise the sender by replying and then deleting this message. -----
