

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE COMMISSION'S)	
INVESTIGATION INTO THE COMPLIANCE OF)	
ROACHDALE MUNICIPAL GAS UTILITY WITH)	CAUSE NO. 44014
PIPELINE SAFETY STANDARDS AND)	
MATTERS RELATING TO THE SAFETY OF ITS)	APPROVED: APR 05 2011
GAS DISTRIBUTION SYSTEM PURSUANT TO)	
INDIANA CODE CHAPTER 8-1-22.5)	

BY THE COMMISSION:

Kari A.E. Bennett, Commissioner
Loraine L. Seyfried, Administrative Law Judge

Based upon a request received by the Pipeline Safety Division ("Pipeline Safety") of the Indiana Utility Regulatory Commission ("Commission") and pursuant to Ind. Code ch. 8-1-22.5, the Commission hereby notifies Roachdale Municipal Gas Utility of its intent to commence an investigation into its compliance with pipeline safety standards and to determine the appropriateness of issuing a hazardous condition order.

1. Commission Jurisdiction. The Town of Roachdale operates a municipal gas utility ("Roachdale") consisting of a natural gas distribution system. Roachdale is engaged in the distribution and provision of natural gas to the public within the State of Indiana, including the Town of Roachdale. Roachdale is a municipally owned utility as defined in Ind. Code § 8-1-2-1 and is subject to, among other requirements, the gas pipeline safety standards and requirements set forth in Ind. Code ch. 8-1-22.5 and 170 IAC 5.

Ind. Code § 8-1-22.5-4(3) provides that Pipeline Safety, through the Commission, may:

[w]henever a particular pipeline facility is found to be hazardous to human life or property, require, through the issuance of a hazardous condition order, the person who owns, operates, or leases such pipeline facility to take such action necessary to remove such hazards. Except in cases where immediate or extreme emergency is found to exist, such order shall not be issued until such person is afforded an opportunity to present the person's views and any facts bearing on the situation.

In addition, Ind. Code § 8-1-22.5-7 authorizes the imposition of civil penalties for violations of Chapter 22.5 and the Commission's rules after notice and opportunity for a public hearing. Pursuant to Ind. Code § 8-1-22.5-10, notice is required to be given as provided in Ind. Code § 8-1-1-8 and hearings are required to be conducted in accordance with Ind. Code §§ 8-1-2-54 through 8-1-2-72. Accordingly, the Commission has jurisdiction over Roachdale and the subject matter of this proceeding.

2. **Background and Procedural History.** On March 29, 2011, Pipeline Safety requested the Commission commence an investigation into the compliance of Roachdale with pipeline safety standards and to issue an appropriate order addressing violations and safety issues. See attached March 29, 2011 letter from the Director of Pipeline Safety. In support of its request, Pipeline Safety indicates that it has been working with Roachdale since 2004 to address the aging and corroding steel gas distribution mains and the copper service connections. Pipeline Safety now believes the gas system to be unsafe and the complete replacement of the corroding system to be necessary. In addition, Pipeline Safety indicates that inspections performed since 2004 have revealed violations of pipeline safety standards, including issues with emergency valves, underground leaking, recordkeeping and emergency response planning.

3. **Investigation.** In accordance with Ind. Code ch. 8-1-22.5 and based upon the information and request of Pipeline Safety, the Commission hereby initiates this investigation into Roachdale's compliance with pipeline safety standards and any matter relating to the condition, operation, maintenance and safety of Roachdale's gas distribution system.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Based upon a request by Pipeline Safety, an investigation pursuant to Ind. Code ch. 8-1-22.5 is hereby commenced.

2. A Prehearing Conference and Preliminary Hearing is hereby scheduled in this Cause for April 25, 2011 at 2:00 p.m. in Room 224, PNC Center, 101 West Washington Street, Indianapolis, Indiana.

3. In accordance with Ind. Code §§ 8-1-22.5-10 and 8-1-2-59, this Order constitutes notice of the matters under investigation.

4. This Order shall be effective on and after the date of its approval.

ATTERHOLT, LANDIS, MAYS AND ZIEGNER CONCUR; BENNETT ABSENT:

APPROVED: APR 05 2011

I hereby certify that the above is a true and correct copy of the Order as approved.


Brenda A. Howe
Secretary to the Commission



INDIANA UTILITY REGULATORY COMMISSION
101 WEST WASHINGTON STREET, SUITE 1500 EAST
INDIANAPOLIS, INDIANA 46204-3407

<http://www.in.gov/iurc>
Office: (317) 232-2701
Facsimile: (317) 232-6758

March 29, 2011

Mr. James D. Atterholt, Chairman
Indiana Utility Regulatory Commission
101 W. Washington Street, Suite 1500 E.
Indianapolis, Indiana 46204-3407

Subject: Request for Investigation of Roachdale Municipal Gas Utility

Dear Chairman Atterholt:

The Pipeline Safety Division respectfully requests the Indiana Utility Regulatory Commission commence an investigation to determine the appropriateness of issuing a hazardous condition order based upon our finding of persistent operational violations of pipeline safety standards resulting in hazards to human life and property.

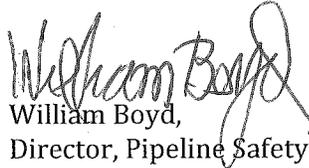
The Town of Roachdale, a community of about 975 citizens, needs to immediately replace their aging steel natural gas distribution system. It is corroding at a rapid rate due to the connection of at least 390 multiple copper services. Our Division has devoted time and significant effort working with the town's gas superintendant and maintenance contractor since 2004 when our annual inspection revealed sixteen probable violations. Despite our continuing annual inspections, meetings, trainings, and suggestions for improvement as well as the efforts of the Town, the Division believes this system has continued to deteriorate to the point it is unsafe and a complete replacement of the entire corroding system is required.

Last year the Town submitted an application for a loan from the U.S. Department of Agriculture to replace the gas system, but they have been unable to comply with the federal requirements necessary to secure the loan. Given the length of time necessary for system design, securing bids, ordering materials and installing a new system, additional delay this year will result in another winter adversely affecting their inadequate system. Time is of the essence.

In the meantime, some emergency valves are nonexistent, unmarked or inoperable including one leading to a local school. Leaks have continually been found and repaired resulting in the discovery of significant damage to steel mains. Last year's inspection revealed twenty underground leaks, three of which were actually hazardous. The system's maintenance records have been found to be in disarray, non-existent, unverified, inaccurate and possibly falsified. The most significant immediate concern, despite our having offered services to the contrary, is the lack of an adequate emergency response plan in the event an emergency occurs.

The Division's efforts have proven ineffective and I believe the Commission's intervention is necessary to investigate the compliance, condition, operation, maintenance and safety of Roachdale's gas distribution system.

Sincerely,

A handwritten signature in black ink, appearing to read "William Boyd". The signature is written in a cursive style with a large, looping initial "W".

William Boyd,
Director, Pipeline Safety Division

WB/skg