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June 15, 2011

Mr. Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

Re: Louisville Gas & Electric Company
Case No. 2011-00098

Dear Mr. Derouen:

Attached hereto is the Stipulation of Facts and Settlement Agreement entered into by Louisville Gas & Electric Company and Staff. Please bring this document to the Commission's attention for its review and consideration.

Sincerely,

A handwritten signature in cursive script that reads "L. Allyson Honaker".

L. Allyson Honaker
Staff Attorney III

Enclosure

cc: Allyson Sturgeon



PPL companies

June 9, 2011

Ms. Allyson Honaker
Staff Attorney
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

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LG&E and KU Energy LLC
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Allyson K. Sturgeon
Sr. Corporate Attorney
T 502-627-2088
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RE: Stipulation of Facts and Settlement Agreement
Case No. 2011-00098

Dear Ms. Honaker:

Enclosed please find the original copy of the Stipulation of Facts and Settlement Agreement in the above-referenced case. Please execute on behalf of the KPSC staff and then file with the Commission with a recommendation to accept the settlement as written. Please provide us with a filed stamped copy of this filing with the enclosed self-addressed stamped envelope.

If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Allyson K. Sturgeon". The signature is written in a cursive, flowing style.

Allyson K. Sturgeon

AKS/kmw
Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC)	
COMPANY)	
_____)	CASE NO. 2011-00098
)	
ALLEGED FAILURE TO COMPLY)	
WITH KRS 278.042)	

STIPULATION OF FACTS AND SETTLEMENT AGREEMENT

This agreement is formally known as a Stipulation of Facts and Settlement Agreement ("Settlement Agreement"). The parties to this Settlement Agreement are Louisville Gas and Electric Company ("LG&E") and Staff of the Kentucky Public Service Commission ("Commission Staff"). It is the intent and purpose of the parties hereto to express their agreement on a mutually satisfactory resolution of all of the issues in the proceeding.

It is understood by the parties that this Settlement Agreement is not binding upon the Public Service Commission ("Commission"). The Commission must independently approve and adopt this Settlement Agreement before this matter can be deemed concluded and removed from the Commission's docket. The parties have expended considerable efforts to reach a stipulation as to the facts of this matter, as well as in developing a proposal for settlement. LG&E and Commission Staff agree that this Settlement Agreement, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

In addition, the adoption of this Settlement Agreement will eliminate the need for the Commission, Commission Staff, and LG&E to expend significant resources in litigating this proceeding and will eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final Order.

FACTS

LG&E and the Commission Staff submit this stipulation of facts for the Commission's consideration in rendering a decision in this proceeding. Commission Staff developed and submitted to the Commission an Electric Utility Personal Injury Accident Report ("Report") on this matter signed and dated January 27, 2011. The Report describes an incident which occurred on August 10, 2010, in Louisville, Kentucky, in which Michael Brandon Meany, an employee of Fishel Company ("Fishel"), a contractor for LG&E, was injured when the hydraulic tump he was using became energized. LG&E and Commission Staff agree that the Report fairly and accurately describes the events which occurred on the day of the August 10, 2010, incident.

According to the Report, on the day of the accident the victim was working with other Fishel employees replacing a broken pole. An auto accident earlier that morning had broken the LG&E utility pole. Mr. Meany was operating the hydraulic tump connected to the derrick truck that was securing the pole. The insulated section of the derrick's boom was not extended at the time of the incident. This resulted in the truck becoming energized when it inadvertently made contact with an energized part. Mr. Meany was transported to the University of Louisville Hospital and was treated for burns to his legs, groin and chest areas.

Show Cause Order

By a Show Cause Order dated, March 29, 2011, the Commission initiated this proceeding to determine whether LG&E should be subject to the penalties prescribed in KRS 278.990 for two probable violations of KRS 278.042, which requires an electric utility to construct and maintain its plant and facilities in accordance with the 2007 edition of the NESC. The two alleged violations cited in the Commission's March 29, 2011, Order are as follows:

1. NESC Section 42, 420-H: Employees shall use the personal protective equipment, the protective devices, and the special tools provided for their work. Before starting work, these devices and tools shall be carefully inspected to make sure that they are in good condition.
2. NESC Section 42, 421-A: Duties of a First-Level Supervisor or Person in Charge. This individual shall: (1) Adopt such precautions as are within the individual's authority to prevent accidents. (2) See that the safety rules and operating procedures are observed by the employees under the direction of this individual.

On April 18, 2011, LG&E filed a response to the Commission's March 29, 2011, Order. In its response, LG&E requested an informal conference be held in this matter. Pursuant to that request, an informal conference was scheduled in this matter for May 16, 2011, at the Commission's Frankfort offices. Representatives of LG&E, were in attendance, as were Commission Staff.

During the informal conference representatives of LG&E confirmed that they have taken proactive steps to enhance the safety program of contractors, and the supervisor at the time of the incident no longer works on LG&E projects for Fishel. LG&E also made Fishel in Louisville stand down until a refresher training to all employees on the proper uses of the derrick truck could be administered. This training

did include using the third stage of the boom (the insulated section) of the derrick's boom.

SETTLEMENT AGREEMENT

As a result of discussions held during the informal conference, LG&E and the Commission Staff submit the following settlement agreement for the Commission's consideration in rendering its decision in this proceeding:

1. LG&E agrees that the Commission Staff's Electric Utility Personal Injury Accident Report, Appendix A to the Commission's March 29, 2011, Order in this matter, accurately describes and sets forth the material facts and circumstances surrounding the August 10, 2010, incident.
2. LG&E agrees to pay a total civil penalty in the amount of TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500), within 30 days of the date of entry of the Order approving this Settlement Agreement, in full settlement of this proceeding. The total maximum fine allowed is five thousand dollars (\$5,000), the remaining two thousand five hundred dollars (\$2,500) is suspended on the condition that LG&E abide by the terms contained in this Settlement Agreement and provide all required documentation within the time allotted.
3. The scope of this proceeding is limited by the Commission's March 29, 2011, Show Cause Order on whether LG&E should be assessed penalties under KRS 278.990 for willful violations of the NESC rules as made applicable under KRS 278.042, and the adequacy, safety, and reasonableness of its practices related to the construction, installation and repair of electric facilities and whether such practices require revision. Neither the payment of the civil penalty, nor any other agreement contained in this Settlement Agreement, shall be construed as an admission by LG&E of any liability in any legal proceeding or lawsuit arising out of the facts set forth in the Electric Utility Personal Injury Accident Report or the Electric Utility Inspection Report, nor shall the Commission's acceptance of this Settlement Agreement be construed as a finding of a willful violation of any Commission regulation or NESC rule.
4. Within 30 days of the date of entry of the Order approving this Settlement Agreement, LG&E shall provide to the Commission documentation on the training given as a result of this accident, including the type of training, who attended, and how this training will be implemented into the training program on a regular basis.

5. LG&E currently performs safety audits of its contractor crews. Within 30 days of the date of entry of the Order approving this Settlement Agreement, LG&E shall provide to the Commission copies of the safety audits performed on all Fishel crews doing work for LG&E in Louisville, Kentucky, for three months prior to the incident and 3 months following the incident. On a going forward basis these reports will be made available to Commission Staff during inspections.


6. In the event that the Commission does not accept this Settlement Agreement in its entirety, LG&E and Commission Staff reserve their rights to withdraw from it and require that a hearing be held on any and all issues involved and that none of the provisions contained within this Settlement Agreement shall be binding upon the parties, used as an admission by LG&E of any liability in any legal proceeding, administrative proceeding or lawsuit arising out of the facts set forth in the Accident Report and the Inspection Report or otherwise used as an admission by either party.

7. This Settlement Agreement is for use in Commission Case No. 2011-00098, and no party to this matter shall be bound by any part of this Settlement Agreement in any other proceeding, except that this Settlement Agreement may be used in any proceedings by the Commission to enforce the terms of this Settlement Agreement or to conduct a further investigation of LG&E's service. LG&E shall not be precluded or estopped from raising any issue, claim or defense therein by reason of the execution of this Settlement Agreement.

8. LG&E and Commission Staff agree that this Settlement Agreement is reasonable, is in the public interest, and should be adopted in its entirety by the Commission. If adopted by the Commission, LG&E agrees to waive its right to a hearing and will not file any petition for rehearing or seek judicial appeal.

LOUISVILLE GAS AND ELECTRIC COMPANY

By: (print name) Paul Gregory Thomas

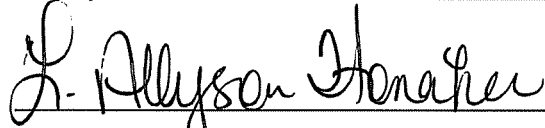
By: (sign name) 

Title: VP Energy Delivery Distribution Operations

Date: 6/8/2011

STAFF OF THE KENTUCKY PUBLIC SERVICE COMMISSION

By: (print name) L. Allyson Honaker

By: (sign name) 

Title: Staff Attorney

Date: 6/14/11