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NEWS RELEASE

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PSC Cites LG&E for Gas Safety Violations *Problems found during investigation of December 2011 blast in Louisville*

FRANKFORT, Ky. (June 26, 2012) – The Kentucky Public Service Commission (PSC) has concluded its investigation of a Dec. 6, 2011, natural gas explosion in Louisville and identified four probable safety violations by the Louisville Gas & Electric Co. (LG&E)

The explosion destroyed a house at 5206 River Trail Place and damaged several nearby properties. There were no serious injuries in the explosion and resulting fire, although a dog in the home was killed.

Fire investigators determined that a high-pressure leak in a water line cut a hole in a plastic gas main, allowing gas to work its way into nearby homes. The cause of the leak in the water line has not been determined.

The violations, which carry penalties of up to \$25,000 each for each day they occurred, cite problems discovered with LG&E's emergency response at the scene. LG&E also was cited for violations related to gas line pressure in the system.

In an order issued today, the PSC opened a formal inquiry in the matter and directed LG&E to respond within 20 days to the allegations.

The explosion occurred while LG&E crews were investigating a report of a possible gas leak in the neighborhood, which is in southern Jefferson County. The blast occurred at about 7 a.m., 2½ hours after the first LG&E worker arrived.

In reviewing LG&E's initial response to the odor complaint, PSC investigators determined that the first company worker at the scene did not take the proper steps – including checking for gas in sewers - to determine how far the gas had migrated and to establish a safe perimeter around the leak.

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Following the explosion, LG&E workers checked three nearby houses and evacuated those homes when gas was detected. A fourth home, where the three residents of the destroyed house had taken refuge, was not checked. The house was evacuated two hours later, when firefighters tested it and found gas inside.

Subsequent review of LG&E records determined that the company had allowed pressure in the neighborhood's gas system to slightly exceed allowable levels on a regular basis.

The specific violations found by PSC investigators were:

- Not following proper safety procedures during an emergency response.
- Failing to minimize the danger of a gas explosion by not checking for gas levels in all nearby homes and eliminating all possible ignition sources.
- Operating a gas system in excess of the established maximum allowable operating pressure levels.
- Not taking the required corrective actions when abnormal pressure levels are detected.

Each of the violations is tied to a specific provision in federal pipeline safety regulations. The PSC, under certification by the federal Pipeline and Hazardous Materials Safety Administration, enforces those regulations for natural gas distribution companies in Kentucky.

The PSC's responsibility is to determine whether any safety regulations have been violated and to see that those violations are corrected. Therefore, the investigation made no findings as to whether the violations in this case caused or contributed to the explosion.

A hearing in the case has been scheduled for Nov. 27, 2012.

Today's order and documents in the case are available on the PSC website, psc.ky.gov. The case number is 2012-00239.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.