

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY

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CASE NO. 97-174

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ALLEGED VIOLATION OF ADMINISTRATIVE
REGULATION 807 KAR 5:041

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O R D E R

On April 24, 1997, the Commission directed Louisville Gas and Electric Company ("LG&E") to appear before it and show cause why it should not be penalized pursuant to KRS 278.990(1) for its alleged violation of Commission Regulation 807 KAR 5:041, Section 3. Following the commencement of this proceeding, LG&E and Commission Staff entered into negotiations to resolve all outstanding issues in this proceeding. On May 26, 1998, they executed a Settlement Agreement, appended hereto, and jointly moved for Commission approval of that Agreement.

In reviewing this Settlement Agreement, the Commission has considered, inter alia, the circumstances surrounding the October 6, 1996 incident, LG&E's efforts to comply with the Commission's safety regulations and its willingness to improve and enhance its existing safety programs and operations. The Commission finds that it is in accordance with the law, does not violate any regulatory principle, results in a reasonable resolution of this case, and is in the public interest.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, appended hereto, is incorporated into this Order as if fully set forth herein.

2. The terms and conditions set forth in the Settlement Agreement are adopted and approved.

3. Within 10 days of the date of this Order, LG&E shall pay to the Commonwealth of Kentucky the sum of One Thousand (\$1,000) Dollars. This payment shall be in the form of a cashier's or certified check made payable to "Treasurer, Commonwealth of Kentucky" and shall be mailed or delivered to: Office of General Counsel, Public Service Commission of Kentucky, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602.

4. The Commission's acceptance of the Settlement Agreement does not represent a finding on the reasonableness, adequacy, appropriateness, or safety of LG&E's continued use of constant current street lighting transformers. Nothing contained herein prohibits or precludes the Commission from examining this practice at a later date.


5. This case is closed and shall be removed from the Commission's docket.

Done at Frankfort, Kentucky, this 6th day of July, 1998.

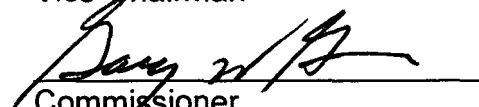
ATTEST:


Executive Director

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

APPENDIX

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 97-174 DATED 7/6/98

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BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)	
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ALLEGED VIOLATION OF COMMISSION)	
REGULATION 807 KAR 5:041)	

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered this 26th day of MAY, 1998, by and
between the STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY
("Commission Staff") and LOUISVILLE GAS AND ELECTRIC COMPANY ("LG&E").

WITNESSETH:

THAT, WHEREAS, the Commission Staff issued an Utility Accident Investigation
Report dated December 5, 1996 ("Investigation Report") detailing its investigation of an
incident which occurred on October 16, 1996 and which involved LG&E electric distribution
facilities in Louisville, Kentucky; and,

WHEREAS, Commission Staff in its Investigation Report found that LG&E had
failed to maintain these facilities in accordance with the National Electrical Safety Code
(1990 edition) ("NESC") and that this failure constituted a probable violation of Public
Service Commission Regulation 807 KAR 5:041, Section 3; and,

WHEREAS, on April 24, 1997, the Public Service Commission found that prima facie evidence existed that LG&E had failed to comply with Public Service Commission Regulation 807 KAR 5:041, Section 3; and

WHEREAS, on April 24, 1997, the Public Service Commission ordered LG&E to show cause why it should not be subject to the penalties of KRS 278.990 for its alleged violation of Commission Regulation 807 KAR 5:041, Section 3; and,

WHEREAS, LG&E and Commission Staff stipulate that:

- 1 The findings of the Investigation Report, except for those set forth in the Section "Probable Violations", are accurate.
2. The failure of the LG&E work crew on October 16, 1996 to follow LG&E work rules led to the October 16, 1996 incident.
3. On October 16, 1996, an LG&E crew began moving facilities from an existing utility pole to a new pole. While moving these facilities, the crew inadvertently permitted a span guy to contact the incandescent street lighting circuit in question. Since a photoelectric cell operates the circuit and the contact occurred during daylight hours, the crew did not notice the contact. When evening came and daylight faded, the photoelectric cell opened the circuit and energized the incandescent street lighting circuit and the span guy.
4. The LG&E work crew should have considered the incandescent street lighting circuit as energized and have covered or grounded the circuit.
5. As a result of this incident, LG&E is reemphasizing to its work crews that such circuits must be treated as energized circuits at all times.

WHEREAS, LG&E and Commission Staff desire to settle the issues raised by this proceeding.

NOW, THEREFORE, LG&E and Commission Staff agree that:

1. Within 10 days of after the entry of an Order approving this Settlement Agreement, LG&E shall pay to the Commonwealth of Kentucky the sum of One Thousand (\$1,000) Dollars. This payment shall be in the form of a cashier's or certified check made payable to "Treasurer, Commonwealth of Kentucky" and shall be mailed or delivered to: Office of General Counsel, Public Service Commission of Kentucky, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602.

2. Except as noted in Paragraph 3 below, this Settlement Agreement resolves all issues arising out of the October 16, 1996 incident.

3. Neither Commission Staff's entering into this Settlement Agreement nor the Public Service Commission's acceptance of this Agreement represents a finding or recommendation regarding the reasonableness, adequacy, appropriateness, or safety of LG&E's continued use of constant current street lighting transformers. Nothing contained herein shall prohibit or preclude the Public Service Commission from examining such practice.

4. Nothing contained herein shall be construed as an admission of a willful violation of any Public Service Commission regulation or any provision of the NESC nor shall the Public Service Commission's acceptance of this agreement be construed as a finding of a willful violation of a Public Service Commission regulation or any provision of the NESC.

5. This Agreement is subject to the acceptance of and approval by the Public Service Commission.


6. If the Public Service Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward and neither the terms of this Settlement Agreement nor any matters raised during settlement negotiations shall be binding on either signatory.

7. If the Public Service Commission accepts and adopts this Settlement Agreement in its entirety and enters an order in this proceeding to that effect, LG&E shall not apply for rehearing in this proceeding nor bring an action for review of that order.

8. Commission Staff shall recommend to the Public Service Commission that this Settlement Agreement be accepted and approved.

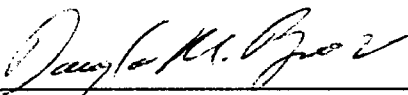
IN WITNESS WHEREOF, LG&E and Commission Staff have executed this Settlement Agreement the day and year first above written by and through their duly authorized attorneys.

STAFF OF PUBLIC SERVICE COMMISSION
OF KENTUCKY

BY: 

TITLE: Staff Attorney

LOUISVILLE GAS AND ELECTRIC
COMPANY

BY: 

TITLE: Senior Counsel/Specialist, Regulatory