

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE UNION LIGHT, HEAT AND POWER COMPANY)	
_____)	
ALLEGED VIOLATION OF COMMISSION)	CASE NO. 2000-358
REGULATION 807 KAR 5:022, SECTION 13(9))	

O R D E R

On August 25, 2000, the Commission issued an Order to The Union Light, Heat and Power Company (“ULH&P”) to show cause why it should not be found in violation of 807 KAR 5:022, Section 13(9) and penalized under KRS 278.990(1) and KRS 278.992. UHL&P filed a response to the Commission's Order and requested an informal conference with Commission Staff. An informal conference was held on September 27, 2000 pursuant to an Order of the Commission. Commission Staff and UHL&P entered into an agreement in which UHL&P agrees to perform a review of its procedures contained in its emergency plan and report to the Commission. UHL&P also agreed to add an additional Construction and Maintenance Crew for response in the Kentucky service area. ULH&P has modified its reporting procedures; redefined the procedures contained in its emergency plan; defined the term “red emergency”; revised its criteria for determining a reportable incident; and submitted a copy of the revised plan to the Commission. ULH&P added an additional Construction and Maintenance Crew for

response in the Kentucky service area, along with procedures to provide timely response to emergencies.

KRS 278.992(1) provides for the assessment of a civil penalty for violations as occurred herein not to exceed \$25,000 for each violation. That statute also requires the Commission to consider several factors in determining the amount of said penalty or in agreeing to an amount in compromise. Although the violation was significant, ULH&P acted with dispatch and in good faith to remedy the problems disclosed in its emergency response to this incident.

After due consideration of the foregoing and being otherwise sufficiently advised, the Commission finds that the Settlement Agreement as submitted is fair and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, attached as Appendix A, is incorporated into this Order as if fully set forth herein.
2. The formal hearing scheduled in this case is cancelled.
3. ULH&P is assessed a civil penalty of \$25,000. Within 10 days of the date of this Order, UHL&P shall pay the sum of \$2,500 to the Commonwealth of Kentucky. This payment shall be in the form of a cashier's check made payable to Kentucky State Treasurer and shall be mailed or delivered to the Office of General Counsel, Public Service Commission, Post Office Box 615, 211 Sower Boulevard, Frankfort, Kentucky 40602. The balance of the penalty, \$22,500, shall be probated for 1 year from the date of this Order provided there are no similar violations within that 1-year period.
4. This case is closed and shall be removed from the Commission's docket.

Done at Frankfort, Kentucky, this 19th day of February, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE
KENTUCKY PUBLIC SERVICE COMMISSION

IN CASE NO. 2000-358

DATED February 19, 2001.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE UNION LIGHT, HEAT AND POWER COMPANY)
)
_____) CASE NO. 2000-358
)
ALLEGED VIOLATION OF COMMISSION)
REGULATION 807 KAR 5:022, SECTION 13(9))

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered into this 12th day of February, 2001, by and between the **Staff of the Public Service Commission** ("Commission Staff") and **The Union Light, Heat and Power Company** ("ULH&P").

WITNESSETH:

WHEREAS, ULH&P is a natural gas utility and is subject to Commission jurisdiction pursuant to KRS 278.040 and KRS 278.280; and

WHEREAS, on May 26, 2000, the Dry Ridge Water Department ("Dry Ridge") struck and ruptured a 2-inch plastic gas main belonging to ULH&P; and

WHEREAS, ULH&P's records disclose the emergency call was received by ULH&P's Call Center at 1:23 a.m., and thereupon was dispatched to a service mechanic at 1:26 a.m. However, that service mechanic was unable to respond and the call was not dispatched to another mechanic until an hour later; and

WHEREAS, on July 6, 2000, Commission Staff issued an Incident Inspection Report regarding this incident; and

WHEREAS, on August 25, 2000, the Commission issued a show cause Order to ULH&P for the alleged violation of 807 KAR 5:022, Section 13(9), directing ULH&P to show cause why it should not be subject to penalties relating to this incident; and

WHEREAS, ULH&P and Commission Staff held an informal conference on September 27, 2000; and

WHEREAS, ULH&P and Commission Staff desire to settle the issues raised by this proceeding and have entered into this Settlement Agreement through compromise; and

WHEREAS, ULH&P has reviewed the procedures contained in its emergency plan, has defined the term "red emergency," revised its criteria for determining a reportable incident to conform to the administrative definition, and has submitted a copy of the revised plan to the Commission; and

WHEREAS, ULH&P has agreed to an additional Construction and Maintenance crew for responses in the Kentucky service area and has procedures in place to provide timely response to emergencies; and

WHEREAS, ULH&P has made changes to its safety program and maintenance system in an effort to comply with Commission regulations;

NOW, THEREFORE, ULH&P and Commission Staff agree that:

1. ULH&P shall be assessed a civil penalty in the amount of \$25,000 for the violation cited herein. However, based upon the efforts of ULH&P to comply with Commission regulations and the good faith proposal of ULH&P, the penalty shall be payable as follows:

a. Within 10 days after the entry of an Order approving this Settlement Agreement, ULH&P shall pay to the Commonwealth of Kentucky \$2,500. This payment shall be in the form of a cashier's check made payable to "Treasurer, Commonwealth of Kentucky," and shall be mailed or delivered to the Office of General Counsel, Public Service Commission, Post Office Box 615, 211 Sower Boulevard, Frankfort, Kentucky 40602.

b. The balance of \$22,500 shall be probated for one year provided there is no similar violation within that one-year period.

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

3. 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 or be construed against either ULH&P or Commission Staff.

4. Commission Staff shall recommend to the Public Service Commission that this Settlement Agreement be accepted and approved and that any public hearing previously scheduled herein be cancelled.

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

Staff of the Public Service Commission

By James R. Goff
James R. Goff, Staff Attorney

The Union Light, Heat and Power Company

By T. C. Randolph
Title V.P. Gas Operations