COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2006-00352

ALLEGED FAILURE TO COMPLY WITH KRS 278.042 AND COMMISSION REGULATION 807 KAR 5:006, SECTION 24

ORDER

Louisville Gas and Electric Company ("LG&E") is a Kentucky corporation engaged in the generation, transmission, and distribution of electricity to the public for compensation for lights, heat, power, and other uses and is a utility subject to Commission jurisdiction. KRS 278.010.

Commission Staff submitted to the Commission an Incident Investigation Report ("Incident Report") dated June 22, 2006, attached hereto as Appendix A, which alleges that on June 14, 2006 two LG&E employees were trying to locate a fault on an underground secondary conductor at 8 Brownsboro Hill Road, Louisville, Kentucky. After locating the suspected fault, one of the LG&E employees began pulling on what he thought was the neutral conductor, but it was actually a secondary supply conductor energized with 120 volts for testing purposes. His hand then contacted an uninsulated splice and he received a secondary shock and was hospitalized.

KRS 278.042 requires that an electric utility construct and maintain its plant and facilities in accordance with the most recent edition of the National Electrical Safety

Code, which is the 2002 Edition ("NESC"). The Staff's Incident Report notes one probable violation of KRS 278.042, which is NESC Section 42, Rule 420.D, by the failure of the LG&E employees to: (a) consider electric supply equipment and lines to be energized, unless they are positively known to be de-energized; and (b) perform preliminary inspections or tests to determine existing conditions. In addition. KRS 278.280(2) directs the Commission to prescribe rules and regulations for the performance of service by utilities and, pursuant thereto, the Commission promulgated 807 KAR 5:006, Section 24, which requires a utility to adopt and execute a safety program, including the establishment of a safety manual with written guidelines for safe working practices and procedures to be followed by utility employees. The Staff's Incident Report also notes one probable violation of LG&E's Health and Safety Manual ("Safety Manual"), Section E 5.2, which requires employees working on cables or apparatus carrying less than 600 volts to take extra precautions in using necessary rubber protective equipment, in observing adequate clearances, and by using approved insulated tools in order to prevent short circuits.

The Commission, on its own motion, HEREBY ORDERS that:

1. LG&E shall submit to the Commission, within 20 days of the date of this Order, a written response to the allegations contained in the Incident Report.

2. LG&E shall appear on November 15, 2006 at 9:30 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky to present evidence concerning the incident which is the subject of the Incident Report, specifically one alleged violation of KRS 278.042, which is NESC Rule 420.D, and one alleged violation of 807 KAR 5:006, Section 24, which is LG&E's

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Safety Manual Section E 5.2; and to show cause, if any it can, why it should not be subject to the penalties of KRS 278.990 for the two probable violations of the aforementioned statutes.

3. The official record of this proceeding shall be by video, unless otherwise requested by LG&E.

4. The Incident Report dated June 22, 2006 is hereby made a part of the record in this case.

5. Any request by LG&E for an informal conference with the Commission Staff shall be set forth in writing and filed with the Commission within 20 days of the date of this Order.

Done at Frankfort, Kentucky, this 29th day of September, 2006.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00352 DATED September 29, 2006

A copy of this document can be obtained by contacting the Kentucky Public Service Commission.