

CASE

NUMBER:

99-042

Filed 3-12-99

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
FEB 25 1999
PUBLIC SERVICE
COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
and)
GOSHEN UTILITIES, INC.)
_____)
INVESTIGATION INTO ALLEGED UNSAFE)
UTILITY PRACTICES)

CASE NO. 99-042

MOTION FOR LEAVE TO FILE RESPONSE OUT OF TIME

Louisville Gas and Electric Company ("LG&E") hereby requests leave of the Commission to file its Response to the Commission's Order dated February 9, 1999 ("Order") in this proceeding out of time. In support of this motion, LG&E states the following:

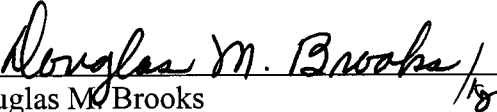
1. The Order required Louisville Gas and Electric Company ("LG&E") and Goshen Utilities, Inc. to submit within ten days of the Order their respective responses to the allegations contained in the Order. LG&E is filing its response today, February 25, 1999, sixteen days after the Order was issued. The Response in all other respects complies with the Order.

2. The delay in filing the Response was caused by the absence of undersigned counsel from the office due to family illness during the past two weeks. Once counsel became aware of the requirement to file the Response, counsel and LG&E personnel worked diligently to complete and file the Response.

3. To the extent the late filing of the Response prejudices Goshen or inconveniences the Commission or its Staff, LG&E does not oppose a rescheduling of the hearing currently set for February 26, 1999 to a mutually agreeable time.

WHEREFORE, LG&E requests leave of the Commission to file its Response to the Commission's Order dated February 9, 1999 ("Order") in this proceeding out of time.

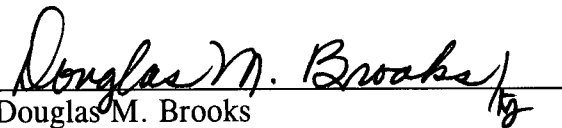
Respectfully submitted,



Douglas M. Brooks
Senior Counsel Specialist, Regulatory
LOUISVILLE GAS AND ELECTRIC COMPANY
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232
(502) 627-2557
**Counsel for Louisville Gas and Electric
Company**

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing instrument was hand-delivered on February 25, 1999 to counsel for Goshen Utilities, Inc., Jeffrey C. Sauer, Ackerson, Mosely & Yann, P.S.C., 1200 One Riverfront Plaza, Louisville, KY 40202.


Douglas M. Brooks

6.0 INSTALLING POLYETHYLENE PIPE BY DIRECTIONAL DRILLING

Installation of polyethylene pipe through utilization of a trenchless technology that involves two major steps: (1) drilling a pilot hole from an entrance pit to an exit pit that defines an installation profile, and (2) pulling in pipe from the exit pit to the entrance pit as the bore is enlarged through a back-reaming process.

6.1 Pre-Drilling Operations

- 6.1.1 Establish whether or not there is sufficient room at the site for entrance and exit pits, the drilling equipment, and its safe, unimpeded operation, support vehicles, fusion machines, pipe stringing, etc.
- 6.1.2 Check the site for evidence of substructures such as manhole covers, valve box covers, meter boxes, telephone and cable television boxes, electrical transformers, conduit or drop lines from utility poles, pavement patches, etc.
- 6.1.3 Locate the drill path under sidewalks, or between the curb and sidewalk, where possible. Also, attempt to locate the drill path adjacent to the existing pipeline so that single openings can be used to transfer service connections from the old line to the new line. Determine and document the proposed drill path, including depth and location of all substructures along the path. The drill path shall be as straight as possible to minimize frictional resistance during pull back and to maximize the length of pipe that can be installed during a pull. The larger the diameter of pipe, the straighter the drill path should be.
- 6.1.4 Contractor shall call "Before-You-Dig" (1-800-752-6007) at least two but no longer than ten working days prior to performing any excavating activities.
- 6.1.5 Contractor shall spot all utility services in the proposed drill path to determine horizontal and vertical locations. Contractor shall locate and mark all sewer lines and laterals and test hole those along the drill path.
- 6.1.6 Contractor shall establish the locations of all entrance and exit pits, and excavate them. The pit length shall be dependent on the depth of the pipe. Generally, the greater the depth, the greater the length. Entrance and exit pits shall be of sufficient size to contain the drilling mud and spoils.
- 6.1.7 Contractor shall implement procedures to keep drilling fluids out of the streets, manholes, sanitary and storm sewers, and other drainage systems.
- 6.1.8 The entrance angle of the drill string should be between 8 and 18 degrees (12 degrees being optimal). A minimum of one complete length of drill rod should be utilized before leveling out to the appropriate depth (optimally 3-feet). The exit angle of the drill string should be between 5 and 10 degrees. The radius of curvature of the drill stem should not be less than 4-feet for 2-inch pipe, 8-feet for 4-inch pipe, 10-feet for 6-inch pipe, and 12-feet for 8-inch pipe.
- 6.1.9 Determine the appropriate drilling fluid to be used for the anticipated soil conditions. Bentonite tends to reduce the collapse of the bore hole. Detergents shall not be used to lubricate the pipe as they may make polyethylene brittle.

6.2 Drilling Operation

- 6.2.1 Only trained operators shall be permitted to operate the drilling equipment.
- 6.2.2 Manufacturer's operating and safety practices shall be adhered to during utilization of the drilling rig.
- 6.2.3 Test holes should be used to observe the drill head as it passes by exposed sewer laterals and other substructures to ensure that there is adequate clearance for the backreamer.
- 6.2.4 The drill depths shall be 30- to 36-inches. While greater depths may be required, shallower

depths shall not be allowed unless approved by Company Pipeline Inspector.

- 6.2.5 Contractor shall stop drilling operations in the event unanticipated resistance or sudden movement of the drilling string is encountered. Drilling shall not be resumed until the source of the disturbance has been identified and eliminated where necessary. Particular care shall be taken to ensure that sewer lines or laterals are not penetrated.
- 6.2.6 The radius of curvature of the drill path shall not be less than that recommended by the manufacturer of the drill rod. Generally, the turning radius shall not be less than 100 times the diameter of the drill rod.
- 6.2.7 Appropriate guidance equipment shall be used to assure maintenance of accurate locations of the drilling head. The locator should facilitate monitoring and mapping of the drill head during drill operations. The location and orientation of the drill head shall be established while adding or removing drill rods.
- 6.2.8 The pilot hole must be backreamed to accommodate and permit free sliding of the polyethylene pipe during pullback. The diameter of the backream shall be greater than 1.5 times the nominal outside diameter of the polyethylene pipe being pulled.
- 6.2.9 If a drill hole must be abandoned, the hole shall be filled with grout or bentonite to prevent future subsidence.

6.3 **Pipe Installation**

- 6.3.1 The installation of the polyethylene pipe shall be performed in a manner that minimizes stresses and strains on the pipe.
- 6.3.2 A swivel shall be attached to the reamer (or drill rod) to prevent rotational torque being transferred to the pipe during pull-in.
- 6.3.3 A weak link or break-away puller should be attached between the swivel and the leading end of the pipe to prevent stressing of medium density pipe beyond stresses of 1,300 psi. If the rated pulling capacity of the drill rig is less than the safe load, the use of a weak link is not required.
- 6.3.4 The maximum allowable pulling forces and pull lengths for polyethylene pipe are listed in Table 6.3.1.

TABLE 6.3.1
Allowable Pulling Loads and Lengths

Nominal Diameter (inches)	SDR	Safe Pulling Force (pounds)	Maximum Pull Length (feet)
2" IPS	11	2,000	430
4" IPS	11.5	6,580	780
6" IPS	11.5	14,320	1,142
8" IPS	11.5	24,040	1,500

- 6.3.5 To prevent bowing, the pipe shall not be pushed into the bar hole.
- 6.3.6 Pipe rollers, skates or other protective devices shall be used to prevent damage from the edges of the pit or substructures during pull-in. Rollers under uncoiled sticks of pipe shall be used to protect the pipe from gouges, eliminate drag, and reduce pull-in force.
- 6.3.7 The annular region between the pipe and the bore hole should be filled with drilling mud to minimize the frictional loads on the pipe during pull.
- 6.3.8 Coiled pipe is preferred for installation. However, it may be necessary to fuse sticks of pipe together. Special care shall be taken to ensure that fused joints are allowed cooling times consistent with manufacturer's recommendations. Consideration should be given to staging pipes in fused sections, to minimize the number of welds that must be made during pull-back.
- 6.3.9 Two strands of AWG #10 gauge tracing wire shall be pulled back with the polyethylene pipe. Electrical continuity of the wire is essential and, therefore, must be free of splices. One strand of wire must be attached to the leading end of the polyethylene pipe, and the other strand shall be attached to the pulling head during pull-back.
- 6.3.10 The leading end of the pipe shall be capped to prevent water, drilling fluids and other foreign materials from entering the pipe as it is being pulled back.

6.3.11 An additional length of pipe, equivalent to 1 percent of the length of the pull or 10- feet, whichever is greater, shall be pulled through the entrance pit, be exposed, examined for scratches, scores, gouges, or other forms of damage. Damage that exceeds 10 percent of the pipe wall shall require pulling an additional length of pipe. If damage persists, the pipe shall be inspected at all excavations and test holes, where the pipe is exposed, to locate the region along the drill path where damage is being inflicted. If the obstruction can be identified and located, pull back the damaged section and discard it. Otherwise, a new hole shall be drilled to circumvent the obstruction.

6.4 Tie-ins and Connections

6.4.1 Tie-ins and connections shall only be made after the pipe has been allowed to recover for a period of time that is equal to twice the time it took to pull back the pipe or 24 hours, whichever is less.

6.4.2 All tie-ins and connections at entrance and exit pits shall be made utilizing electrofusion couplers.

April 16, 1998

«FirstName» «LastName»

«Address1»

«City», «State_»

Dear «FirstName» «LastName»:

This letter is to inform you that Hall Contracting, as a contractor for LG&E, recently installed a gas main in your community. You may or may not be aware, but three of your neighbors have had problems with their sewer lines due to the gas main installation. Their sewer lines were difficult to locate and were inadvertently pierced by the gas main and a blockage resulted.

Therefore, if you experience any problems with your sewer over the next several weeks, please contact both, LG&E and Goshen Utilities before contacting a plumber. We must first determine if the problem is related to the gas main installation. If the sewer problem is related to the gas main installation, the problem will be corrected at no expense to you. When you call the LG&E Gas Service desk, please inform the party about this letter and the recently installed gas main.

LG&E Gas Service
589-5511

Goshen Utilities
228-8084

Should you have any questions concerning this matter, please call Mr. Lloyd Eades of Goshen Utilities at 228-8084, or Ms. Monica Moman-Saunders of LG&E at 429-7931.

Sincerely,

cc: Mr. Lloyd Eades
Ms. Monica Moman-Saunders

Attachment 2
Page 1 of 1



Louisville Gas and Electric Company
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232

September 21, 1998

VIA FAX: 589-4168

Jeffrey C. Sauer
Ackerson, Mosley & Yann
1200 One Riverfront Plaza
Louisville, KY 40202

**RE: Goshen Utilities Obligation to Locate Underground Facilities
Lakeview Subdivision, Oldham County**

Dear Jeff:

Thank you for your letters dated September 8 and 21, 1998.

LG&E proceeded with its new main extension project in the Lakeview Subdivision in Oldham County, utilizing the assistance of Goshen Utilities in attempting to locate any of Goshen's underground facilities that may be impacted by our activities. The procedures that were followed were those procedures we previously discussed and are generally described in your September 8 letter. However, these procedures failed to be either efficient or reliable, and LG&E discontinued these procedures on the Lakeview Subdivision job on or about September 9.

LG&E had attempted to locate your client's facilities in approximately forty yards by using the "pot hole" technique. This proved to be a failure. In each those forty yards we dug three holes, each measuring four feet wide and twenty-five inches deep. Of those approximately 120 holes, we were able to locate only three sewer lines. Because of the obvious safety issues, we are now completing the job by trenching the remaining 2300 feet. This will result in substantially increased costs for LG&E and, just as importantly, will cause a tremendous inconvenience for our customers. Given the significantly higher costs of trenching and your client's continued refusal to accurately locate its underground facilities, further gas main extension work in areas served by your client appear to no longer be possible. The only winner in this situation will be your client, which will have avoided its legal responsibility to locate its underground facilities, resulting in great cost and inconvenience to LG&E and the residents of Lakeview subdivision.

Jeffrey C. Sauer
September 21, 1998
Page 2

We do not intend to leave unmet the demand for natural gas service from prospective customers in Oldham County, and we cannot allow one small sewer company to prevent us from utilizing an industry-accepted operational practice that has allowed natural gas utilities across the country to bring the benefits of natural gas service to new customers at lower cost and with significantly less damage to established yards, driveways and streets. All that we have requested from your client is that it follow the same procedures followed by every other sewer company we have dealt with in construction activities elsewhere in our service territory.

Let us be very clear on one very important point. The real problem in this matter is your client's refusal to honor its obligation to locate its own facilities as required by KRS 367.4901 *et seq.* Given this refusal, your continued protestations about your client's concern for safety have begun to ring hollow. We have ceased directional boring, but not because of any inherent dangers in that procedure. We have successfully employed directional boring throughout our service territory, and it continues to be a standard practice within the industry. The safety problem has arisen only because your client refuses to do what every other utility company LG&E has worked with has been willing to do -- locate its own underground facilities at its own expense.

I do not see that we have anything more to review or discuss regarding this matter. LG&E is reviewing its legal options at this time, and will take appropriate action to protect its interests and that of its customers.

Sincerely yours,



Douglas M. Brooks
Senior Counsel Specialist, Regulatory
(502) 627-2557

cc: Buz Rush
Monica Moman-Saunders
Helen C. Helton, Executive Director, KPSC
Gerald Wuetcher, Esq.

ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION

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LAW1200@aol.com

* Also Admitted in Indiana
** Also Admitted in Wisconsin

February 19, 1999

Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40601


**Re: Goshen Utilities, Inc.
Response to Commission Order
Case No. 99-042**

Dear Ms. Helton:

On behalf of Goshen Utilities, Inc., I am enclosing an original and ten copies of the Response of Goshen Utilities, Inc. to the Commission Order dated February 9, 1999. If any additional information is required, please so advise and we will promptly provide same.

Thank you.

Very truly yours,


Jeffrey C. Sauer

Enclosure

cc: Mr. Lloyd Eades, w/ encl.
Mr. Douglas M. Brooks, w/ encl.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
FEB 22 1999
PUBLIC SERVICE
COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)	
and)	
GOSHEN UTILITIES, INC.)	
_____)	CASE NO. 99-042
)	
INVESTIGATION INTO ALLEGED UNSAFE)	
UTILITY PRACTICES)	

RESPONSE OF GOSHEN UTILITIES, INC.

In accordance with Commission Order dated February 9, 1999 ("Order"), Goshen Utilities, Inc. ("Goshen") responds as follows:

1. Goshen believes that the allegations contained in numerical paragraph 1 of the Order are accurate, although it does not have specific information concerning the start date of the LG&E construction or the exact number of properties through which LG&E extended gas service. There are approximately 22 potentially affected residents in the first area of LG&E gas line construction in the Lakeview Subdivision, where the intersection of the gas line and sewer line needs to be unearthed and inspected. There are also approximately 9 potentially affected residents in the second area of LG&E gas line construction in the Lakeview Subdivision to be unearthed and inspected.

2. The allegations of numerical paragraph 2 are essentially accurate, although the first two instances of sewer line piercing were discovered in late February, 1998 and the third instance was discovered in early March, 1998. Upon discovery, Goshen took immediate steps to alert all potentially affected residents of the safety issue involved, and actively encouraged LG&E to do the same.

3. The allegations of numerical paragraph 3 are accurate, with one exception. Following the informal conference on June 16, 1998, Staff Attorney Gerald E. Wuetcher sent each party a letter dated July 31, 1998 setting forth the recommendations of Staff with respect to the issues involved. Staff recommended that the parties jointly determine the exact location of the sewer line and gas line intersection of the 22 potentially affected residents, and that the lines be hand dug to permit an inspection of same. Attached as Exhibit A is a Memorandum dated August 13, 1998 which details the agreement of the parties concerning the manner in which the inspection would be accomplished. The Memorandum was prepared by Daniel M. Walter, an attorney with Ackerson, Mosley & Yann, P.S.C.

4. The allegations of numerical paragraph 4 are accurate.

5. The allegations of numerical paragraph 5 are accurate, except that Goshen was to mark the "approximate location" (not the "appropriate location") of its existing sewer lines from field location records and to provide other information which may assist in locating the facilities.

6. With respect to the allegations of numerical paragraph 6:

- (a) Goshen has made numerous efforts to obtain the cooperation of LG&E to commence the digging and inspection activities for the potentially affected residents in the gas line construction areas. Goshen stands ready, willing and able to proceed with the inspection activities, as outlined in the August 13, 1998 memorandum and our several letters to LG&E.
- (b) In his July 31, 1998 letter, Gerald E. Wuetcher wrote, "We also recommend that LG&E continue its present suspension of directional boring in this geographic area until this dispute is resolved." In fact, LG&E did not continue its suspension of directional boring. LG&E began new gas line construction activities in September 1998 using directional boring in a second area of Lakeview Subdivision, even though no digging or inspection activities had been started on the 22 potentially affected residents in the first construction area.

- (c) Another incident of sewer line piercing was discovered on September 18, 1998 in the new gas line construction area. That incident was the subject of the letter to Douglas M. Brooks dated September 21, 1998 (Exhibit 3-C to the Order) in which Goshen urged LG&E to cease using directional boring in this area for safety reasons.
- (d) Goshen is without information concerning the other details set forth in numerical paragraph 6, except to note that the efforts cited by LG&E had to do with the installation of new gas lines in the Lakeview Subdivision, and not with inspection activities for the 22 potentially affected residents in the first construction area.
- (e) Although the "pot hole" technique may not be a satisfactory method to use for the installation of gas lines throughout an entire subdivision, such method is appropriate for the digging and inspection remediation effort of the 31 potentially affected residents in the Lakeview Subdivision. Goshen notes that the parties successfully used the "pot hole" technique to locate the gas line - sewer line intersection for the four instances of sewer line piercing already discovered in the construction area. Such method should be used to complete the remediation effort, in accordance with the agreement evidenced in Exhibit A.

7. The allegations of numerical paragraph 7 are accurate. In a letter dated September 21, 1998, Douglas M. Brooks advised, "I do not see that we have anything more to review or discuss regarding this matter." Notwithstanding such statement, Goshen made several additional attempts by letters and telephone calls to LG&E in an effort to start the inspection of the 22 potentially affected residents in the first construction area and the 9 potentially affected residents in the second construction area. Goshen has not been successful in obtaining the cooperation of LG&E. Goshen reported its efforts in a status report to the Commission by letter on the same date.

8. LG&E asserts that directional boring is "an industry-accepted operational practice that has allowed natural gas utilities across the country to bring the benefits of natural gas service to new customers at lower cost and with significantly less damage to established yards, driveways and streets." (Brooks letter dated September 21, 1998, page 2.) Goshen does not doubt that directional boring has certain advantages over traditional

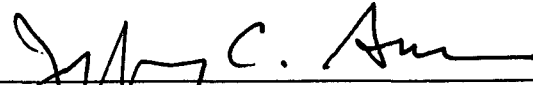
trench construction. But even with those advantages, directional boring has certain inherent risks and is not appropriate in all circumstances. The four instances of inadvertent sewer line piercing during LG&E gas line construction activities in the Lakeview Subdivision illustrates the point. The field location records of Goshen for existing sewer lines in the Lakeview Subdivision are not particularly accurate and the topography of the area is quite varied. Installation of gas lines by directional boring in the Lakeview Subdivision is inappropriate, unless the gas line contractor is willing to undertake the additional responsibility of "actually locating" the existing sewer lines from the "approximate location" provided by owner of the existing facilities in accordance with the statutory directive.

9. Responsibility for locating underground facilities is the subject of a specific statute, the Underground Facility Damage Prevention Act ("UFDPA").

- (a) UFDPA is clear on the allocation of responsibilities of the parties. Under KRS 367.4909(4)(a), Goshen must inform the excavator of the "approximate location" and description of any of its facilities which may be damaged or pose a safety concern because of the excavation. According to the statute, "approximate location" means for nonmetallic facilities without metallic tracer wire, that the underground facility must be located as accurately as possible from "field location records." KRS 367.4905(12). Goshen must also provide other information to the excavator which may "assist in locating" the facilities, and must mark the approximate location with safety green markers. KRS 367.4909(4)(b) and (c).
- (b) The statute does not say that Goshen must "actually locate" its underground facilities. There are strong policy reasons why the statute does not so provide. First, a large utility could impose a large and very burdensome cost on a relatively small utility by insisting that the small utility actually locate its existing underground facilities when field location records are not particularly accurate. That would be unfair to the small utility and its ratepayers. Secondly, while the utility with the existing facilities must mark the "approximate location" of its facilities and must "assist in locating" such facilities, it is the utility that is installing new gas lines that should bear the cost of "actually locating" the existing facilities. The installing utility has, after all, made not only the decision to install the new facilities, but also selected the method by which such installation will be made. The utility with existing facilities has no choice in the matter.

10. Because of the inherent risks associated with directional boring in areas already served by gravity fed sewers, it may be appropriate to undertake a general review of safety issues involved with the use of directional boring, and whether additional industry guidance concerning the use of directional boring in such areas is warranted.

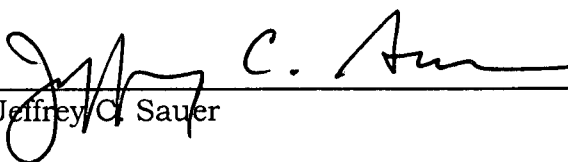
Respectfully submitted,



Jeffrey C. Sauer
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1200 One Riverfront Plaza
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502 589 4130
Counsel for Goshen Utilities, Inc.

Certificate

A copy of the within Response of Goshen Utilities, Inc. was mailed to Douglas M. Brooks, Louisville Gas and Electric Company, 220 West Main Street, Louisville, Kentucky 40232 on this 19th day of February, 1999.



Jeffrey C. Sauer

In the Matter of Louisville Gas and Electric Company and
Goshen Utilities, Inc. - Investigation into Alleged Unsafe
Utility Practices

SEQ NBR	ENTRY DATE	REMARKS
0001	02/09/1999	Show Cause Order scheduling hearing on 2/26/99; resp. to allegations due 2/19/99
M0001	02/22/1999	JEFFERY SAUER GOSHEN UTILITIES-RESPONSE TO ORDER OF FEB 9,99
M0002	02/25/1999	DOUGLAS BROOKS LG&E-RESPONSE OF LG&E TO PSC ORDER OF FEB 9,99
M0003	02/25/1999	LG&E DOUGLAS BROOKS-MOTION FOR LEAVE TO FILE RESPONSE OUT OF TIME
M0004	03/12/1999	VIVIAN LEWIS/COURT REPORTER-TRANSCRIPT FOR HEARING HELD 2/26/99
0002	08/24/1999	Final Order directing LG&E & Goshen to file certain info & complete inspection.
M0006	09/03/1999	KEN MUDD LG&E-RESPONSE TO AUG 24,99 ORDER
M0005	09/07/1999	JEFFERY SAUER GOSHEN UTILITIES-PLAN FOR JOINT INSPECTION
M0008	10/15/1999	GOSHEN UTILITIES JEFFERY SAUER-RESPONSE TO ORDER OF AUG 24,99
M0009	10/18/1999	DOUGLAS BROOKS LG&E-LETTER CONCERNING PROGRESS REPORTS BEING DONE
M0011	10/25/1999	JEFFERY SAUER GOSHEN UTILITIES-REQUEST FOR EXTENSION OF TIME
M0012	10/25/1999	JEFFERY SAUER-FOLLOW UP TO EARLIER REPORT OF STATUS OF JOINT INSPECTION REPORT
0004	10/28/1999	Order granting parties an ext. of time until 10/15/99 to complete inspection.
0005	11/04/1999	Order granting ext. of time until 11/10/99 to file written plan.
M0013	11/12/1999	JEFFERY SAUER GOSHEN UTILITIES INC-RESPONSE TO GOSHEN UTILITIES INC TO ORDER DATED AUG 24,99
0006	01/14/2000	Order scheduling 2/15 informal conference
0007	03/07/2000	IC memo sent to parties; comments, if any, due 3/20/2000.
M0015	04/17/2000	JEFFREY C. SAUER-PLAN FOR LOCATING AND MAPPING EXISTING SEWER FACILITIES
0008	10/02/2000	Final Order approving investigation.
M0016	03/05/2001	JEFFERY SAUER-RESPONSE TO ORDER OF OCT 2,00 FOR UNDERGROUND SEWER FACILITIES

ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION
ATTORNEYS

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March 1, 2001

* Also Admitted in Indiana
** Also Admitted in Wisconsin

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JCSauer@aol.com

Mr. Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED

MAR 05 2001

PUBLIC SERVICE
COMMISSION

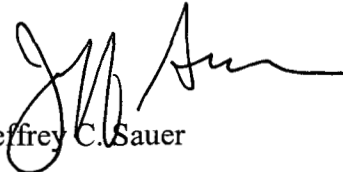
Re: Goshen Utilities Case No. 99-042

Dear Mr. Dorman:

By Order dated October 2, 2000 in Case No. 99-042, the Commission approved the proposed plan for mapping certain underground sewer facilities in the Goshen Utilities service area. Goshen Utilities has completed a video map of the Goshen Hills subdivision area and certain other proximate areas. Enclosed is a copy of a subdivision map showing the sewer mains in Goshen Hills which were videoed, together with "TV Reports" of the Goshen Hills area.

The field records of Goshen Utilities now include the VHS video logs, the TV Reports, and marked subdivision maps. These field records will be used as necessary to determine the approximate location of the underground sewer facilities in accordance with KRS 367.4909(4)(c). If any additional information is required, please let me know. Thank you.

Very truly yours,


Jeffrey C. Sauer

Enclosures

bc: Mr. Joseph Ewalt, w/o encl.
AquaSource Utility, Inc.
6200 East Highway 62
Suite 800
Jeffersonville, IN 47130

Ms. Judith L. Beck, w/ encl.
Mail Drop C4-4-3
DQE, Inc.
Cherrington Corporate Center
400 Fairway Drive
Coraopolis, PA 15108

Mr. Warner A. Broughman, III, w/ encl.
Broughman and Associates
3161 Custer Drive
Lexington, Kentucky 40502

Douglas M. Brooks, Esq., w/ encl.
Louisville Gas & Electric Company
220 West Main Street
Louisville, Kentucky 40202

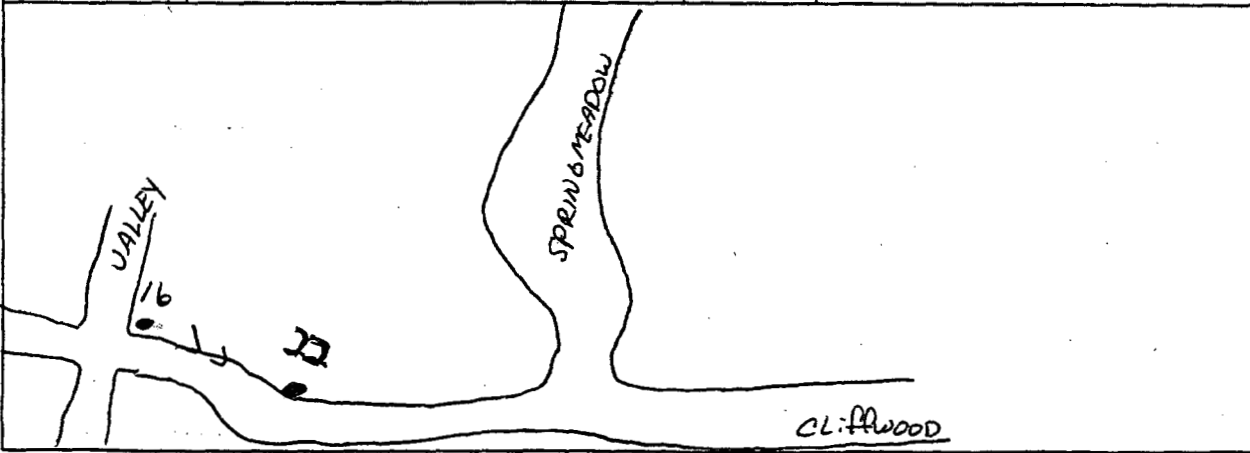
TV REPORT

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Date: 9-19-00	Investigator J.D.	Video Tape # 1
Area: Goshen, Ky.	Sub-Area: LAKEVIEW	Video Footage: 180.1
Complaint Address & Date 9-19-00		Weather: 75°
Upstream MH Address: 16		Type of Pipe: PVC
Downstream MH Address: 22		Pipe Size: 8"
Line Location:		Pipe Length: 180.1
Surface Cover: GRASS		Tved Length: 180.1

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 16
Section Ground Distance: 180.1		DS MH: 22
Condition Being Investigated:		

Footage	Remarks	Footage	Remarks
8'	Started 8' up Line		
81.6	Service 9:00		
82.5	Service 10:00		
140.6	Service 3:00		
180.1	Manhole # 22		



TV REPORT

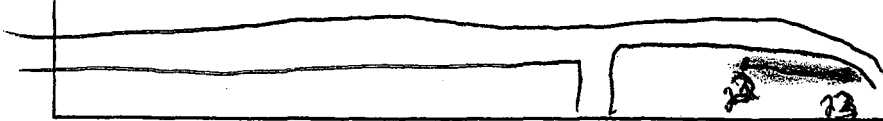
PAGE 20 OF 1

Date: 9-19-00	Investigator J.D.	Video Tape # 1
Area: Goshen KY	Sub-Area: Lake View	Video Footage: 144.7
Complaint Address & Date		Weather: Jun Shine 75.
Upstream MH Address: # 22		Type of Pipe: PVC
Downstream MH Address: # 23		Pipe Size: 8"
Line Location: Yard		Pipe Length: 144.7
Surface Cover: Grass		Tved Length: 144.7

PHYSICAL MEASUREMENTS: 8'	MANHOLE DEPTHS	US MH: #22 -
Section Ground Distance: 147.7		DS MH: #23 -

Condition Being Investigated: GOING UPSTREAM

Footage	Remarks	Footage	Remarks
8'	Started 8' up Stream		
144.7	Manhole #22		



TV REPORT

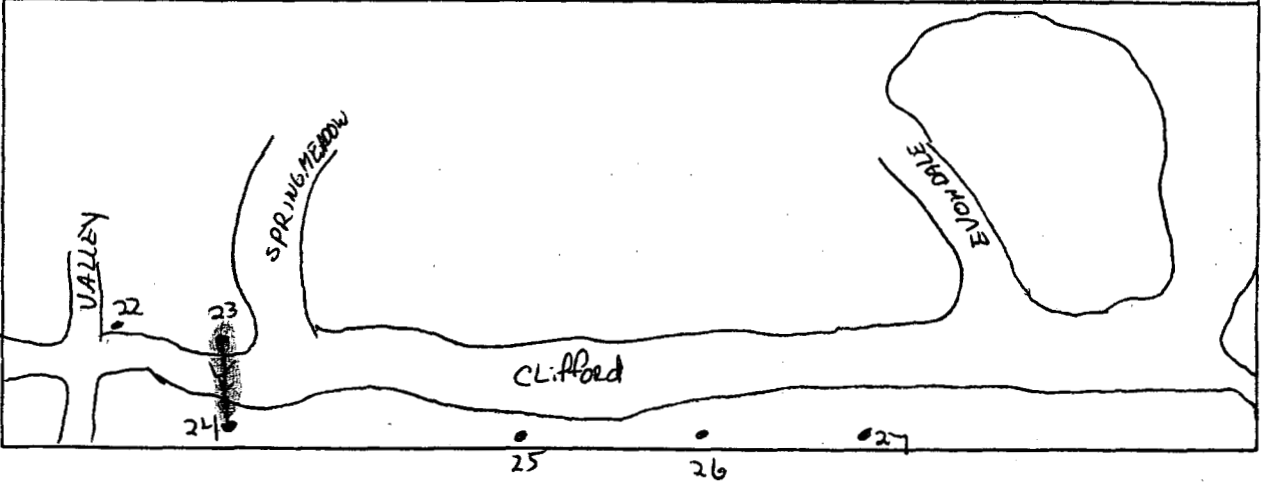
PAGE 21 OF 1

Date: 9-19-00	Investigator J.D.	Video Tape # 1
Area: Goshier Ky	Sub-Area: LAKEVIEW	Video Footage: 63.7
Complaint Address & Date 9-19-00		Weather: 75°
Upstream MH Address: 23		Type of Pipe: PVC
Downstream MH Address: 24		Pipe Size: 8"
Line Location: under Road		Pipe Length: 63.7
Surface Cover: grass & Block Top		Tved Length: 63.7

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 23-11ft.
Section Ground Distance: 63.7		DS MH: 24.

Condition Being Investigated:

Footage	Remarks	Footage	Remarks
8'	Started 8' up Line		
63.7	Man hole #24		



L.S.

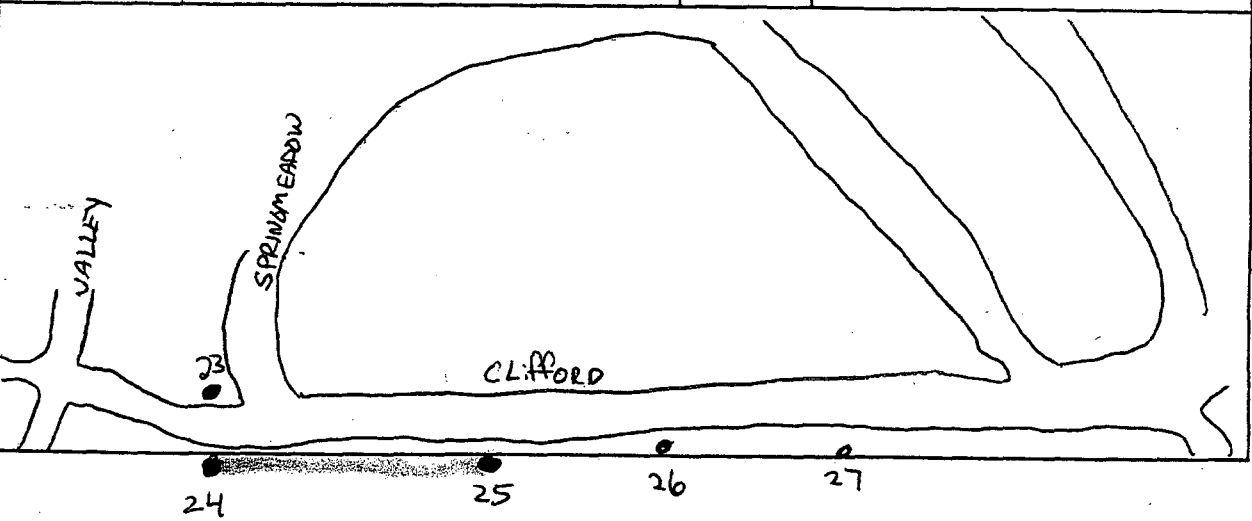
TV REPORT

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Date: 9-19-00	Investigator J.D.	Video Tape # 1
Area: Goshen, Ky.	Sub-Area: LAKEVIEW	Video Footage: 313.9
Complaint Address & Date 9-19-00		Weather: 75°
Upstream MH Address: 24	Type of Pipe: PVC	
Downstream MH Address: 25	Pipe Size: 8"	
Line Location:	Pipe Length: 313.9	
Surface Cover: GRASS	Tved Length: 313.9	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 24
Section Ground Distance: 313.9		DS MH: 25
Condition Being Investigated:		

Footage	Remarks	Footage	Remarks
8'	Started 8' up line		
8'	Service 3:00		
174.2	Service 3:00		
313.9	Manhole #25		

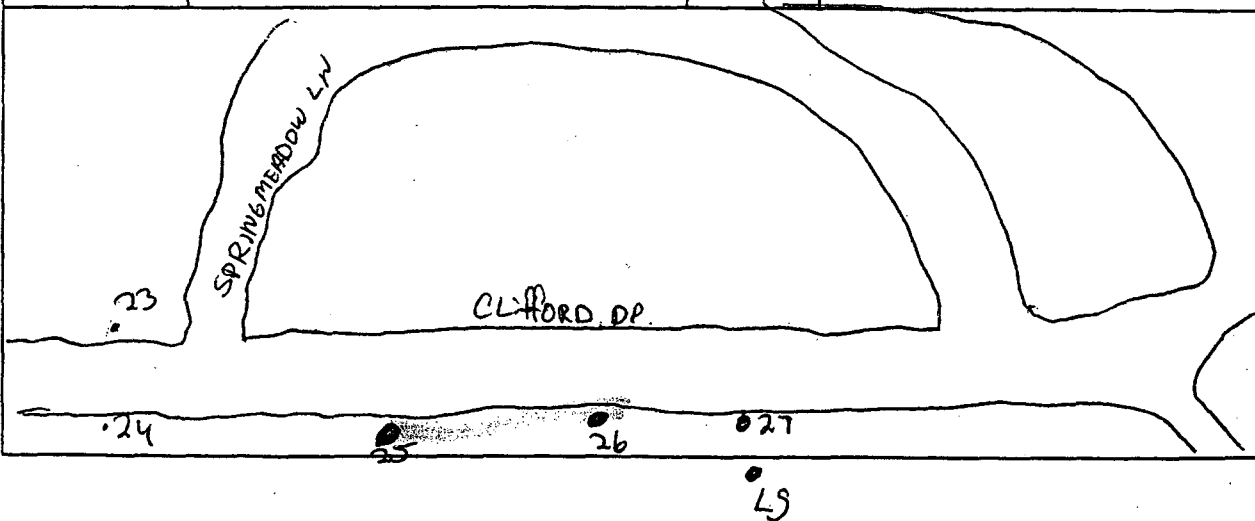


TV REPORT

PAGE 1 OF 2

Date: 9-19-00	Investigator JD.	Video Tape # 2
Area: Goshen Ky	Sub-Area: LAKEVIEW	Video Footage: 365.6
Complaint Address & Date 9-19-00	Weather: 75	
Upstream MH Address: 25	Type of Pipe: PVC	
Downstream MH Address: 26	Pipe Size: 8"	
Line Location:	Pipe Length: 365.6	
Surface Cover: GRASS	Tved Length: 365.6	
PHYSICAL MEASUREMENTS: 8" MANHOLE DEPTHS US MH: 25		
Section Ground Distance: 365.6		DS MH: 26
Condition Being Investigated:		

Footage	Remarks	Footage	Remarks
8.0	STARTING FOOTAGE		
15.9	Service 3:00		
181.8	Service 3:00 for 8" Line		
186.0	Service 9:00		
347.3	3:00 s/c		
352.4	1:00 s/c		
365.6	DS.MH.#26		



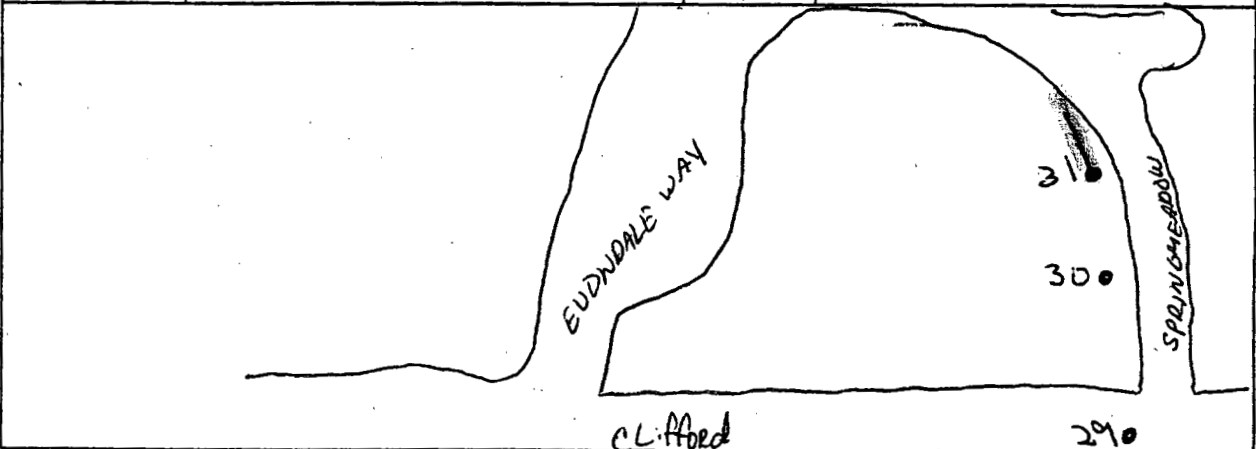
TV REPORT

PAGE 3 OF 2

Date: 9-20-00	Investigator J.D.	Video Tape # 2
Area: Goshen, Ky	Sub-Area: LAKEVIEW	Video Footage: 255.4
Complaint Address & Date 9-20-00		Weather: 75°
Upstream MH Address: NO MANHOLE	Type of Pipe: PVC	
Downstream MH Address: 31	Pipe Size: 8"	
Line Location:	Pipe Length: 255.4	
Surface Cover: GRASS	Tved Length: 255.4	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: NO MANHOLE
Section Ground Distance: 255.4		DS MH: 31-5'
Condition Being Investigated:		

Footage	Remarks	Footage	Remarks
8.0	STARTING FOOTAGE		
19.2	3:00S		
62.4	Service 9:00		
82.0	Service 3:00		
141.4	service 9:00		
161.1	Service 3:00		
220.3	service 9:00		
248.2	Service 3:00 full of Grease		
255.4	End of Line Service into it		



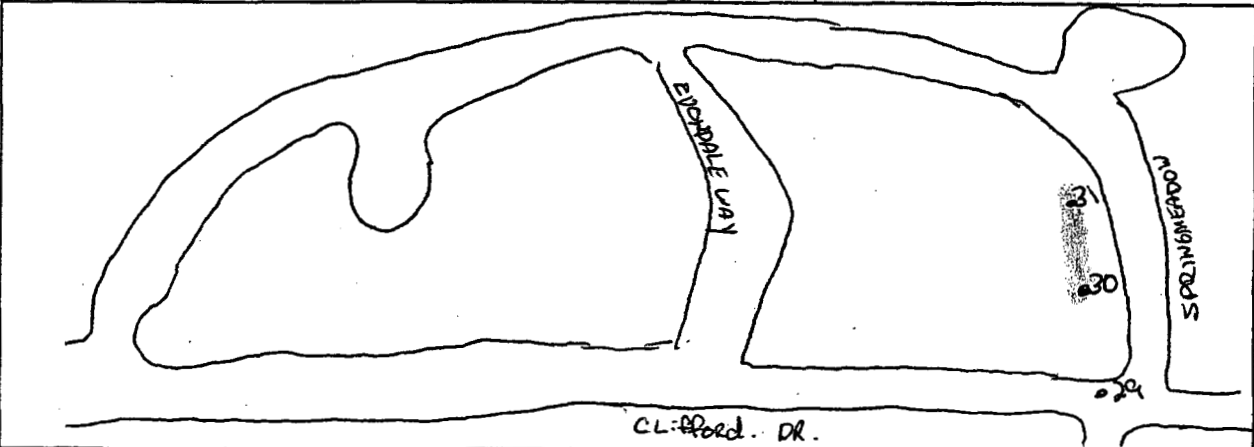
TV REPORT

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Date: 9-20-00	Investigator J.D.	Video Tape # 2
Area: Goshen, Ky	Sub-Area: LAKEVIEW	Video Footage:
Complaint Address & Date		Weather: 75°
Upstream MH Address: 31	Type of Pipe: pvc	
Downstream MH Address: 30	Pipe Size: 8"	
Line Location: yard	Pipe Length: 316	
Surface Cover: GRASS	Tved Length: 316	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 31 - 5'
Section Ground Distance: 315		DS MH: 30 -
Condition Being Investigated:		

Footage	Remarks	Footage	Remarks
8.0	STARTING FOOTAGE		
15.9	Service 3:00		
75.0	Service 9:00		
95.0	Service 3:00		
154.6	Service 9:00		
174.9	Service 3:00		
234.7	Service 9:00		
254.9	Service 3:00		
295.0	Service 3:00		
316.0	Manhole #30		



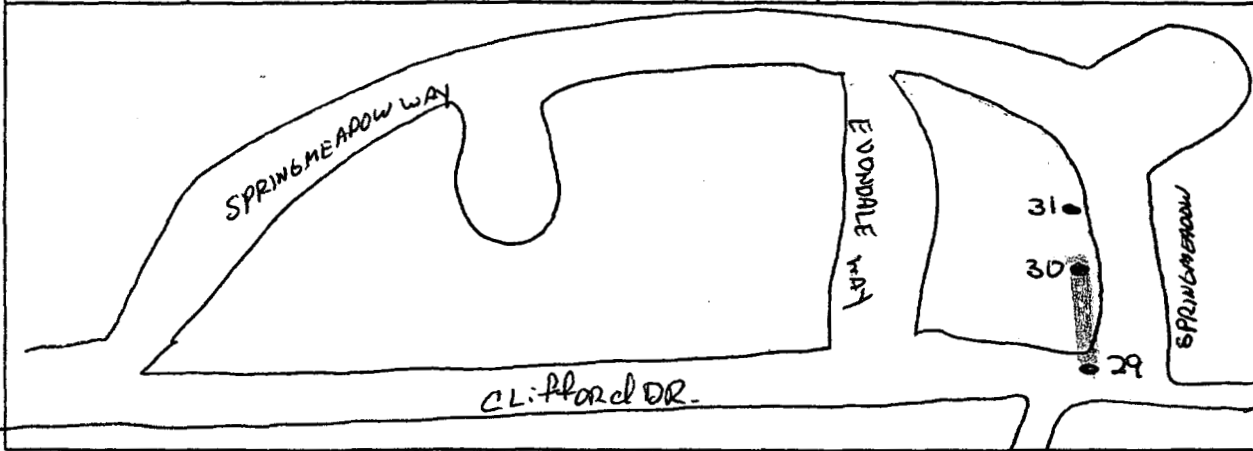
TV REPORT

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Date: 9-20-00	Investigator J.D.	Video Tape # 2
Area: Goshen, Ky.	Sub-Area: LAKEVIEW	Video Footage: 398.2
Complaint Address & Date 9-20-00		Weather: 75°
Upstream MH Address: 30		Type of Pipe: PVC
Downstream MH Address: 29		Pipe Size: 8
Line Location: yard		Pipe Length: 398.2
Surface Cover: GRASS		Tved Length: 398.2

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 30
Section Ground Distance: 398.2		DS MH: 29-8'
Condition Being Investigated:		

Footage	Remarks	Footage	Remarks
8.0	STARTING FOOTAGE		
7.5	Service 9:00		
30.7	End of Sage from Beging		
40.1	Service 3:00		
100.0	Service 9:00		
179.4	Service 10:00		
258.4	Service 11:00		
398.2	Manhole #29		



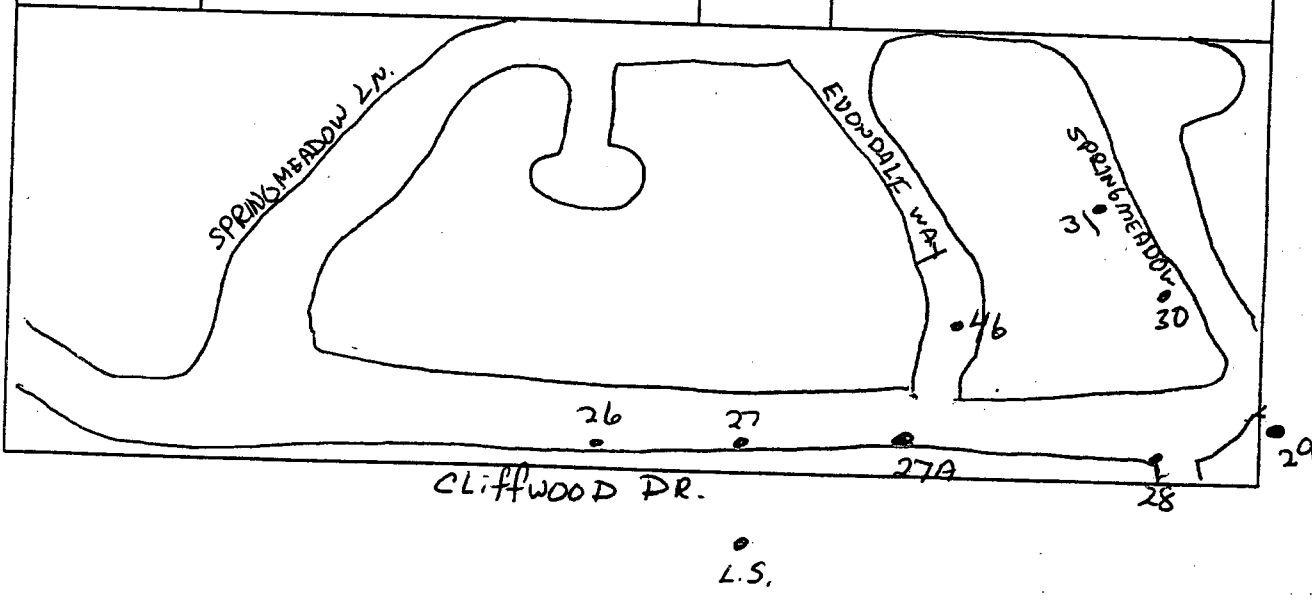
TV REPORT

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Date: 9-20-00	Investigator J.D.	Video Tape # 2
Area: GOSHEN, KY.	Sub-Area: LAKEVIEW	Video Footage:
Complaint Address & Date 9-20-00	Weather: 75°	
Upstream MH Address: 29	Type of Pipe: PVC	
Downstream MH Address: 28	Pipe Size: 8	
Line Location: yard & Road	Pipe Length: 174.9	
Surface Cover: GRASS & Black Top	Tved Length: 174.9	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 29 7'
Section Ground Distance: 174.9		DS MH: 28 - 8'
Condition Being Investigated: GOING UPSTREAM		

Footage	Remarks	Footage	Remarks
8'	Started 8' up line		
158.3	Service 3:00		
174.9	Manhole #29		



TV REPORT

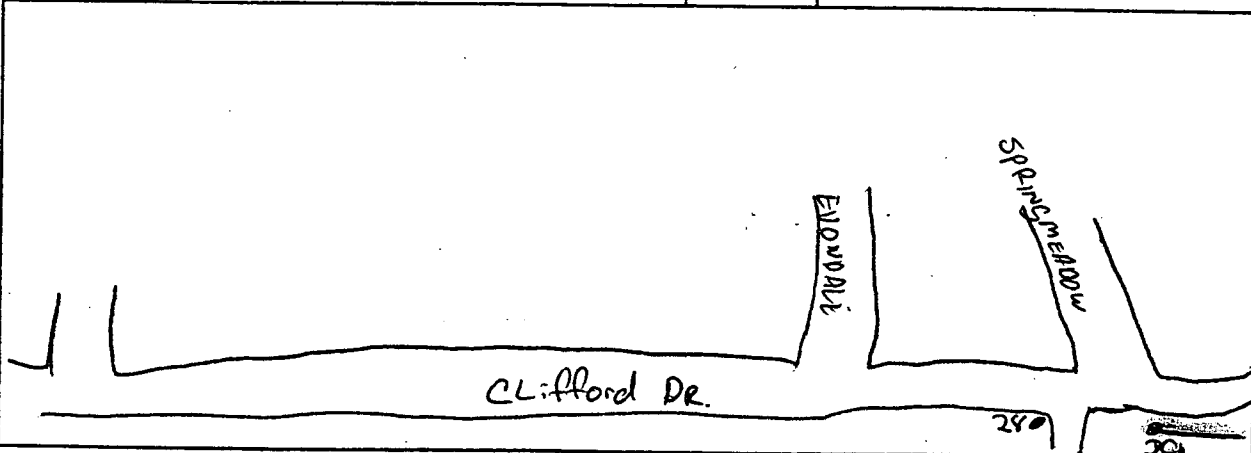
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Date: 9-20-00	Investigator J.D.	Video Tape # 2
Area: Goshen Ky.	Sub-Area: LAKEVIEW	Video Footage:
Complaint Address & Date 9-20-00	Weather: 80°	
Upstream MH Address: NOMANHOLE	Type of Pipe: PVC	
Downstream MH Address: 29	Pipe Size: CLAY	
Line Location: yard	Pipe Length: 79.3	
Surface Cover: GRASS	Tved Length: 79.3	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: NOMANHOLE
Section Ground Distance: 79.3		DS MH: 29 - 7'

Condition Being Investigated: **UPGOING stream**

Footage	Remarks	Footage	Remarks
8.0	STARTING FOOTAGE		
12.5	Service 3:00		
78.6	Service 3:00		
79.3	End of Line Capped		



TV REPORT

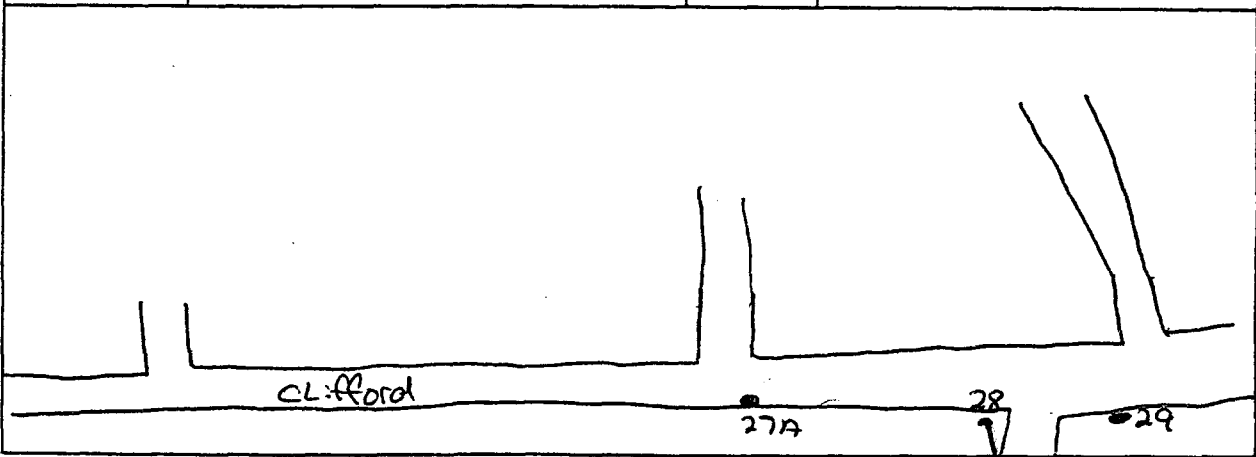
PAGE 8 OF 2

Date: 9-20-00	Investigator	Video Tape # 2
Area: 9-20-00	Sub-Area:	Video Footage:
Complaint Address & Date 9-20-00		Weather: 80°
Upstream MH Address: NO MANHOLE		Type of Pipe: PVC
Downstream MH Address: 28		Pipe Size: 8
Line Location: yard		Pipe Length: 113.1
Surface Cover: grass		Tved Length: 113.1

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: NO MANHOLE
Section Ground Distance: 113.1		DS MH: 28

Condition Being Investigated: **going up**

Footage	Remarks	Footage	Remarks
8.0	starting FOOTAGE		
21.2	Service 3'00		
113.1	Service 3'00		
113.1	End of Line Caped		



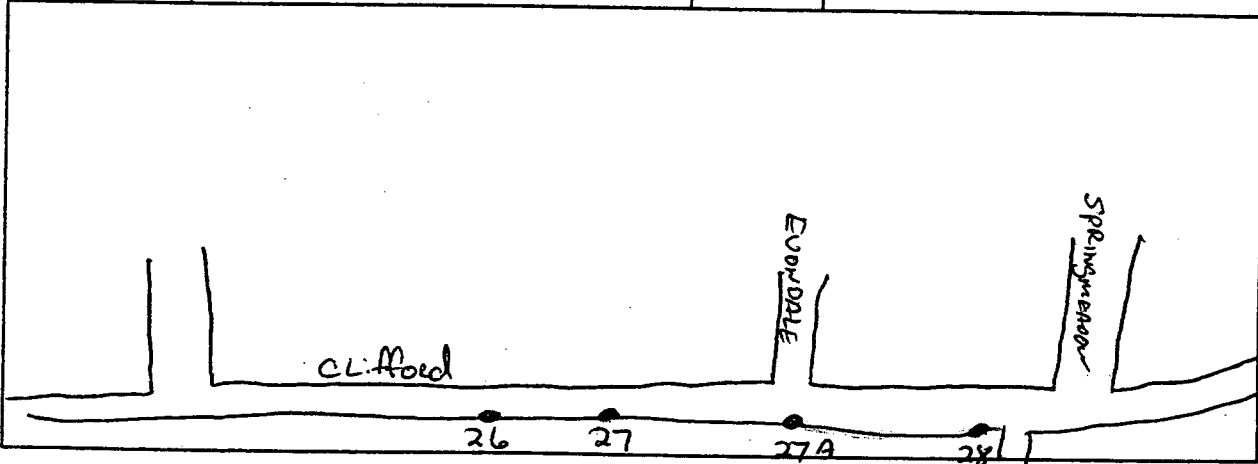
TV REPORT

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Date: 9-20-00	Investigator J.D.	Video Tape # 2
Area: Goshen Ky.	Sub-Area: LAYVIEW	Video Footage: 398.6
Complaint Address & Date 9-20-00	Weather: 80°	
Upstream MH Address: 28	Type of Pipe: PVC	
Downstream MH Address: 27A	Pipe Size: 12 8	
Line Location: yard	Pipe Length: 388.1	
Surface Cover: GRASS	Tved Length: 388.1	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 28-
Section Ground Distance: 398.6		DS MH: 27A-
Condition Being Investigated:		

Footage	Remarks	Footage	Remarks
8.0	STARTING		
65.9	Service 3:00		
68.6	Service 9:00 Caped		
148.9	Service 9:00		
234.7	Service 9:00		
250.6	Service 3:00		
317.2	Service 9:00		
388.1	Service 11:00		
398.6	Manhole #27A		



LS.

TV REPORT

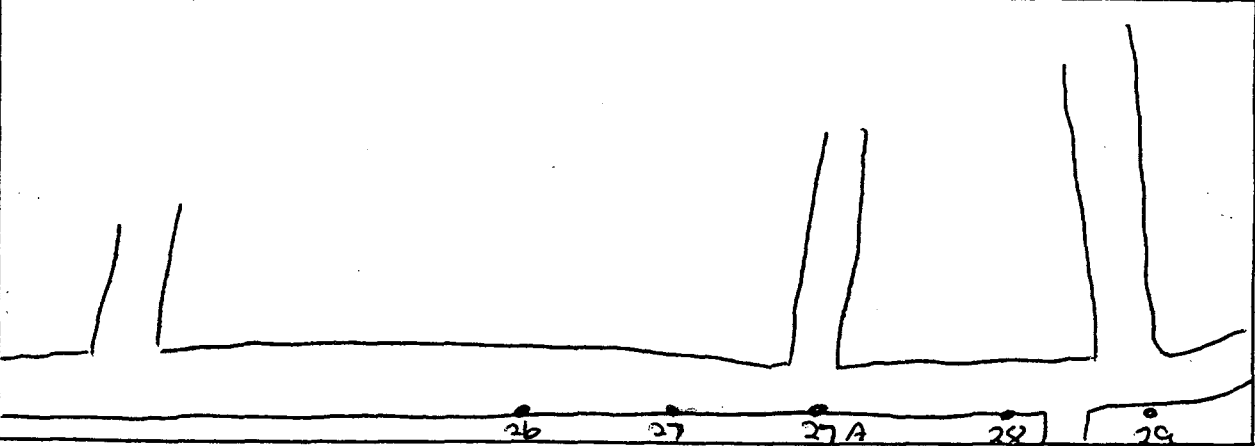
PAGE 10 OF 2

Date: 9-20-00	Investigator J.D.	Video Tape # 2
Area: GOSHEN, KY	Sub-Area: LAKEVIEW	Video Footage: 398.5
Complaint Address & Date		Weather: 80
Upstream MH Address: 27-A	Type of Pipe: PVC	
Downstream MH Address: 27	Pipe Size: 8	
Line Location: yard	Pipe Length: 398.5	
Surface Cover: GRASS	Tved Length: 398.5	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 27A
Section Ground Distance: 398.5		DS MH: 27

Condition Being Investigated:

Footage	Remarks	Footage	Remarks
8'	Started 8' up line		
74.7	Service 9:00		
181.2	Service 3:00		
234.6	Service 9:00		
358.4	s/c 3:00		
398.5	DS MH # 27		



L.S.

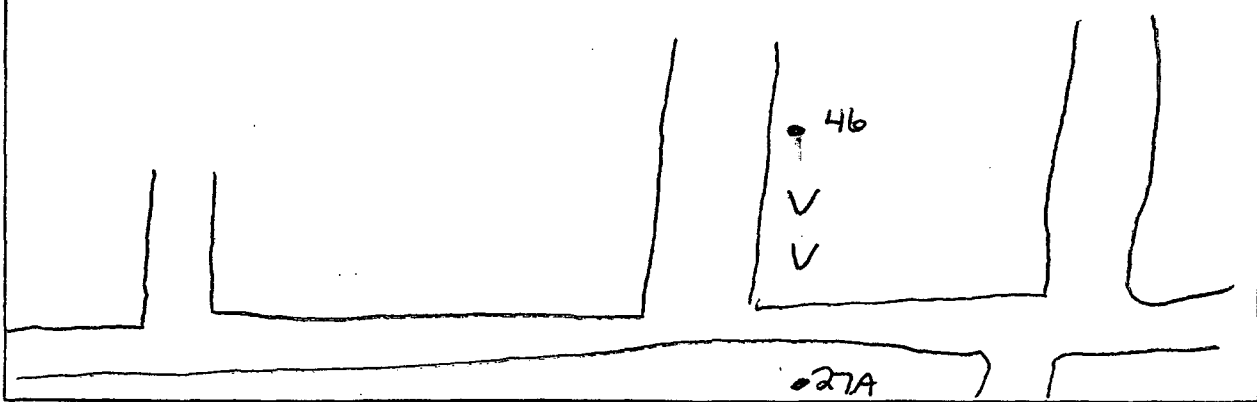
TV REPORT

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Date: 9-20-00	Investigator JD.	Video Tape # 2
Area: Goshen, Ky	Sub-Area: LAKEVIEW	Video Footage: 201.1
Complaint Address & Date 9-20-00		Weather: 80
Upstream MH Address: 46		Type of Pipe: PVC
Downstream MH Address: 27A		Pipe Size: 8"
Line Location:		Pipe Length: 201.1
Surface Cover: GRASS		Tved Length: 201.1

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 46
Section Ground Distance: 201.1		DS MH: 27A
Condition Being Investigated:		

Footage	Remarks	Footage	Remarks
8.0	STARTING FOOTAGE		
4.0	S/C 9:00		
583	S/C 9:00 CAPPED		
DSMH			
201.1	DSMH #27A		



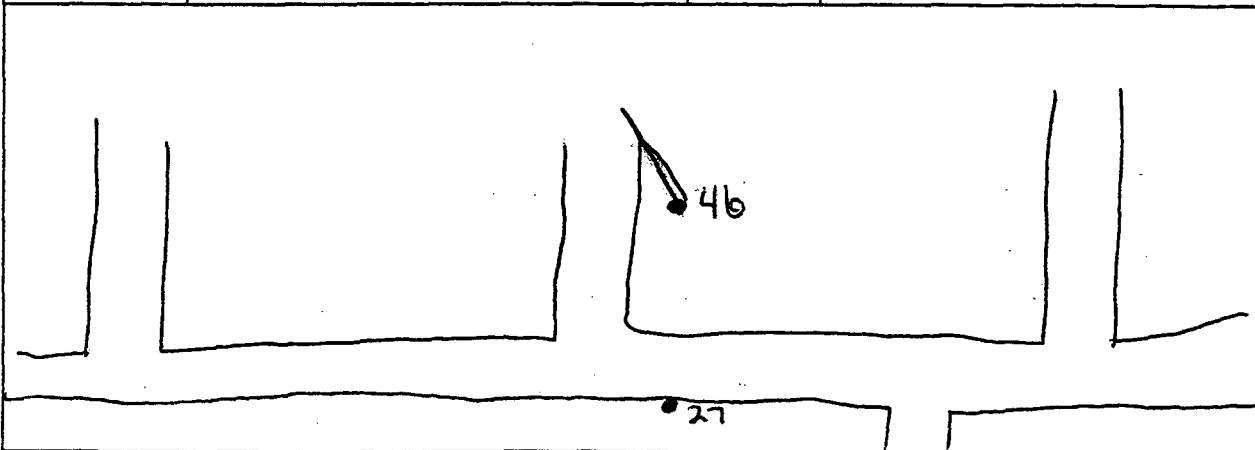
TV REPORT

Date: 9-20-00	Investigator JD.	Video Tape # 2
Area: Goshier, Ky.	Sub-Area: LAKEVIEW	Video Footage: 184.0
Complaint Address & Date 9-20-00	Weather: 80	
Upstream MH Address: 46 46A	Type of Pipe: PVC	
Downstream MH Address: 46	Pipe Size: 8	
Line Location:	Pipe Length: 184.0	
Surface Cover: GRASS	Tved Length: 184.0	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 46A 46A
Section Ground Distance: 184.0'		DS MH: 46

Condition Being Investigated:

Footage	Remarks	Footage	Remarks
8.0	STARTING FOOTAGE		
37.8	2:00 S/C		
109.8	3:00 S/C		
184.0	DS MH # 46A		



TV REPORT

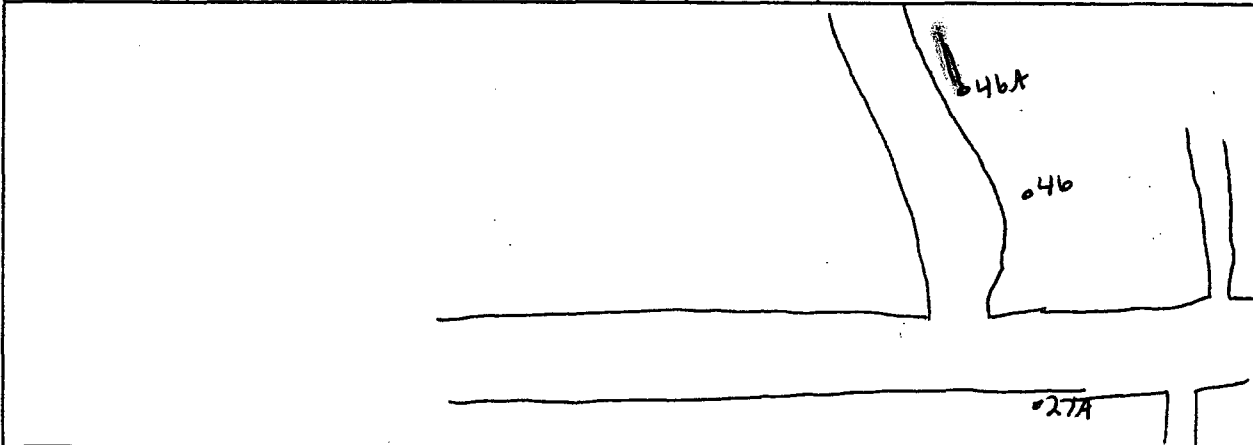
PAGE 13 OF 2

Date: 9-20-00	Investigator J.D.	Video Tape # 2
Area: Goshp. Ky	Sub-Area:	Video Footage:
Complaint Address & Date 9-20-00	Weather: 80°	
Upstream MH Address:	Type of Pipe: PVC	
Downstream MH Address: 46A	Pipe Size: 8"	
Line Location:	Pipe Length: 258.2	
Surface Cover:	Tved Length: 258.2	

PHYSICAL MEASUREMENTS:	MANHOLE DEPTHS	US MH: no manhole
Section Ground Distance: 258.2	DS MH: 46A	

Condition Being Investigated:

Footage	Remarks	Footage	Remarks
8.0	STARTING FOOTAGE		
19.1	Service 3:00		
87.3	Service 3:00		
166.0	Service 3:00		
252.1	Service 3:00		
258.2	End of Line Caped		



TV REPORT

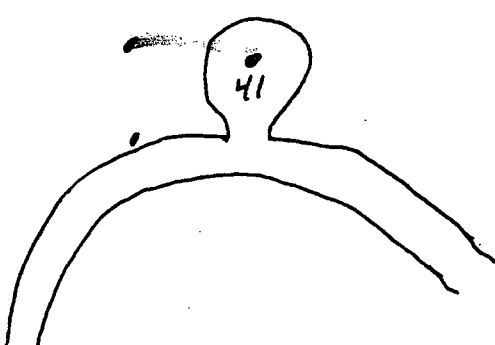
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Date: 9-21-00	Investigator J.D.	Video Tape #
Area: Goshen KY	Sub-Area: Lake View	Video Footage:
Complaint Address & Date		Weather: Sun Shine 50" ¹⁴
Upstream MH Address: #41		Type of Pipe: PVC
Downstream MH Address: #40		Pipe Size: 8"
Line Location: Road + yard		Pipe Length: 195.0
Surface Cover: Black Top & Grass		Tved Length: 195.0

PHYSICAL MEASUREMENTS:	MANHOLE DEPTHS	US MH: 440
Section Ground Distance: 195.0		DS MH: 40

Condition Being Investigated:
Lines to be tved in Goshen KY

Footage	Remarks	Footage	Remarks
8'	Started 8' up line		
8'	Service 3:00		
142.8	Service 3:00		
195.0	Manhole #40		



TV REPORT

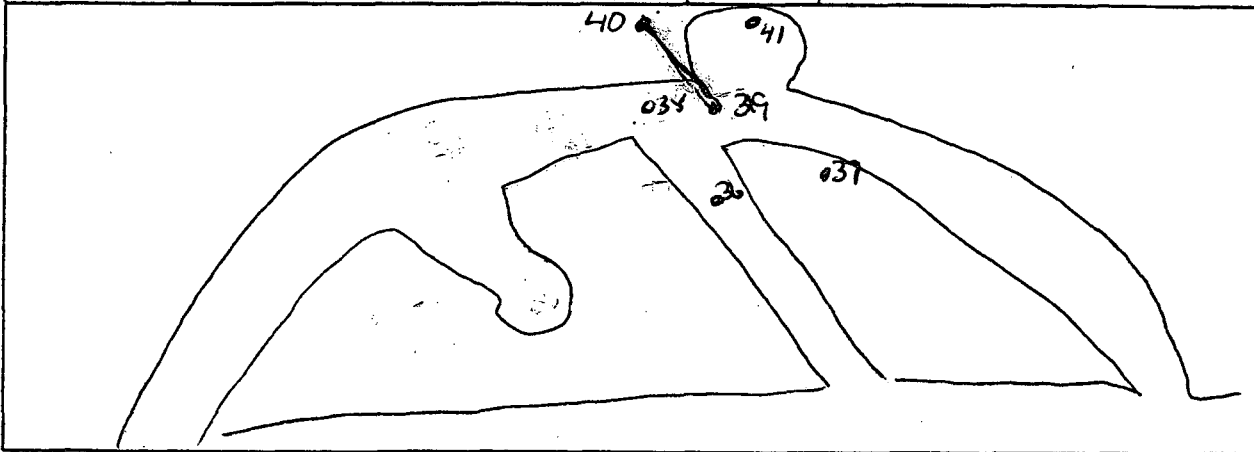
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Date: 9-21-00	Investigator JP	Video Tape # 2
Area: Goshen, Ky.	Sub-Area: LAKEVIEW	Video Footage:
Complaint Address & Date 9-21-00	Weather: 70	
Upstream MH Address: 40	Type of Pipe: PVC	
Downstream MH Address: 39	Pipe Size: 8"	
Line Location: Yard	Pipe Length:	
Surface Cover: Grass	Tved Length:	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 40
Section Ground Distance:		DS MH: 39

Condition Being Investigated:
Lines to be tved in Goshen KY

Footage	Remarks	Footage	Remarks
8.0	STARTING FOOTAGE		
61.3	service 3:00		
177.7	Manhole #40		



TV REPORT

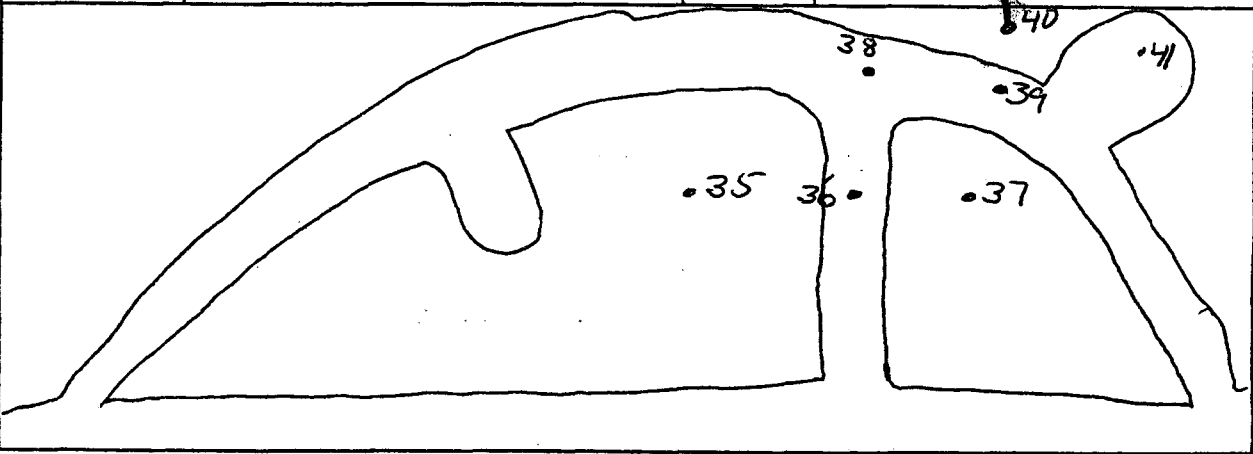
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Date: 9-21-00	Investigator JP	Video Tape # 2
Area: Goshen	Sub-Area: LAKEVIEW	Video Footage:
Complaint Address & Date 9-21-00		Weather: 70°
Upstream MH Address: 39 NO MANHOLE	Type of Pipe: 8 PVC	
Downstream MH Address: 38 40	Pipe Size: 9"	
Line Location:	Pipe Length:	
Surface Cover: GRASS	Tved Length:	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 39 NO MANHOLE 40A
Section Ground Distance:		DS MH: 38 40

Condition Being Investigated: *Going Upstream*

Footage	Remarks	Footage	Remarks
8.0	Starting FOOTAGE		
65.4	Service 9:00		
67.8	Service 3:00		
72.4	Pipp is Brook and gone		
87.8	Service 12:00		
95.6	Service 2:00		
158.7	Manhole #40A		



TV REPORT

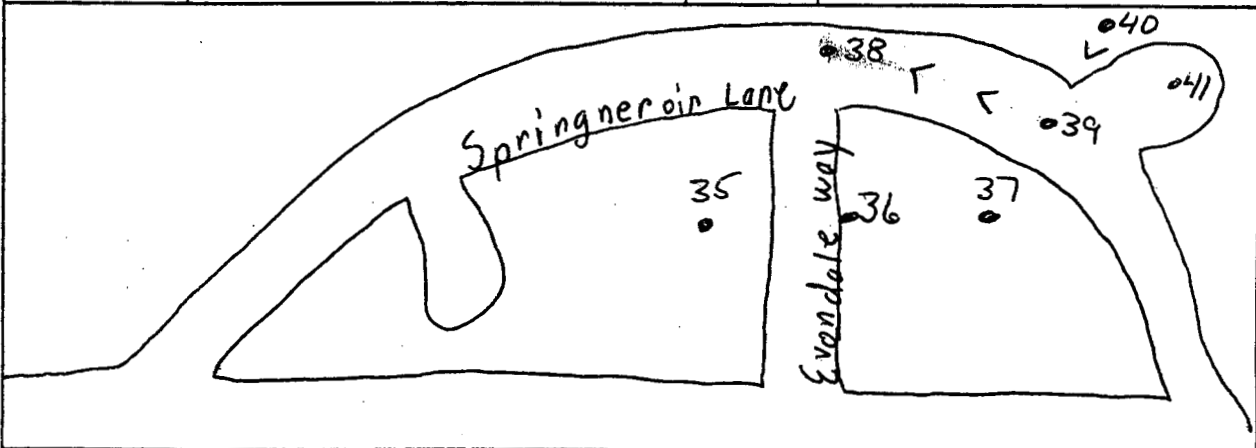
PAGE 17 OF 2

Date: 9-21-00	Investigator J.D.	Video Tape # 2
Area: Goshen	Sub-Area: LAKEVIEW	Video Footage:
Complaint Address & Date 9-21-00		Weather: 70°
Upstream MH Address: 39		Type of Pipe: PVC
Downstream MH Address: 38		Pipe Size: 8"
Line Location: yard		Pipe Length: 185.0
Surface Cover: GRASS		Tved Length: 185.0

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 39
Section Ground Distance: 185.0		DS MH: 38

Condition Being Investigated:
Lines to be Tved in Goshen KY

Footage	Remarks	Footage	Remarks
8.0	starting FOOTAGE		
53.4	service 3:00		
113.2	Service 3:00 Sage in pipe also		
185.0	Manhole # 38		



TV REPORT

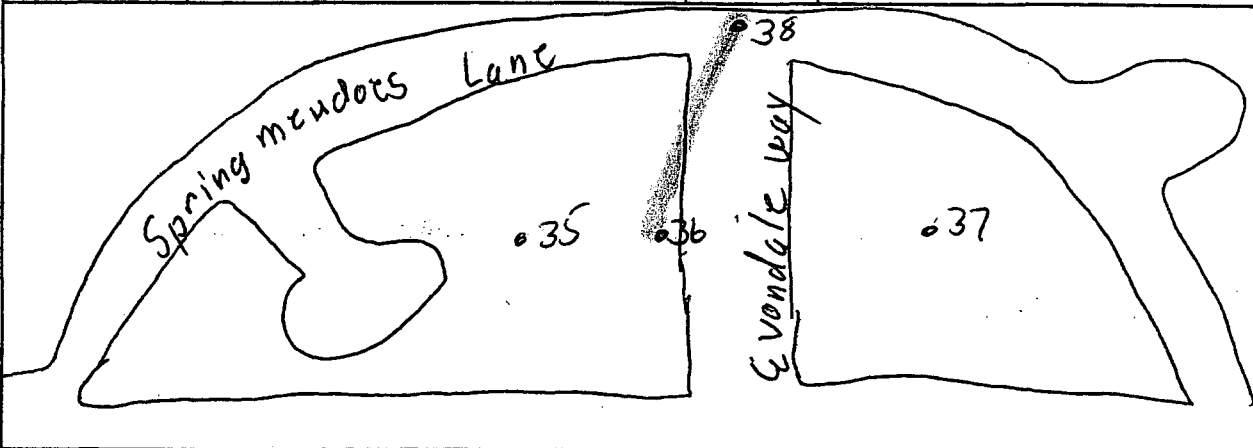
PAGE 18 OF 2

Date: 9-21-00	Investigator J.D.	Video Tape # 2
Area: Goshen, Ky.	Sub-Area: LAKEVIEW	Video Footage:
Complaint Address & Date 9-21-00		Weather: 70°
Upstream MH Address: 38		Type of Pipe: PVC
Downstream MH Address: 36		Pipe Size: 8
Line Location:		Pipe Length: 173.1
Surface Cover: grass		Tved Length: 173.1

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 38 -
Section Ground Distance: 173.1		DS MH: 36 - 17'

Condition Being Investigated: GOING UP STREAM

Footage	Remarks	Footage	Remarks
8.0	starting FOOTAGE		
173.1	Manhole #38		



TV REPORT

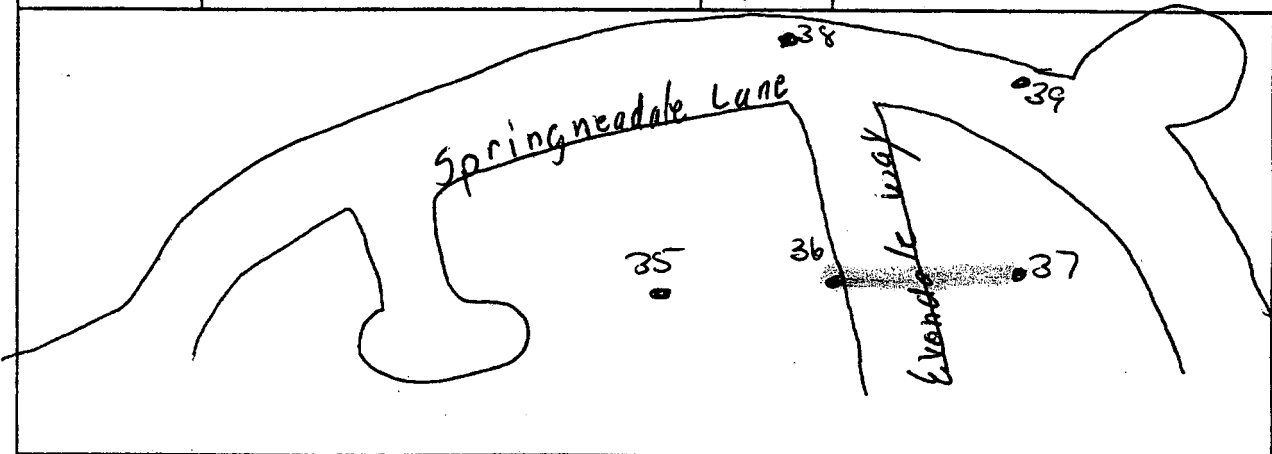
PAGE 19 OF 2

Date: 9-21-00	Investigator: J.D.	Video Tape # 2
Area: Goshen, Ky.	Sub-Area:	Video Footage:
Complaint Address & Date: 9-21-00	Weather: 70°	
Upstream MH Address: 37	Type of Pipe: PVC	
Downstream MH Address: 36	Pipe Size: 8"	
Line Location:	Pipe Length: 114.3	
Surface Cover: GRASS	Tved Length: 114.3	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 37
Section Ground Distance: 114.3		DS MH: 36 7'

Condition Being Investigated:
 GOING UP STREAM

Footage	Remarks	Footage	Remarks
8.0	STARTING FOOTAGE		
50.2	Service 9:00		
61.2	Service 3:00		
114.3	Manhole #37		



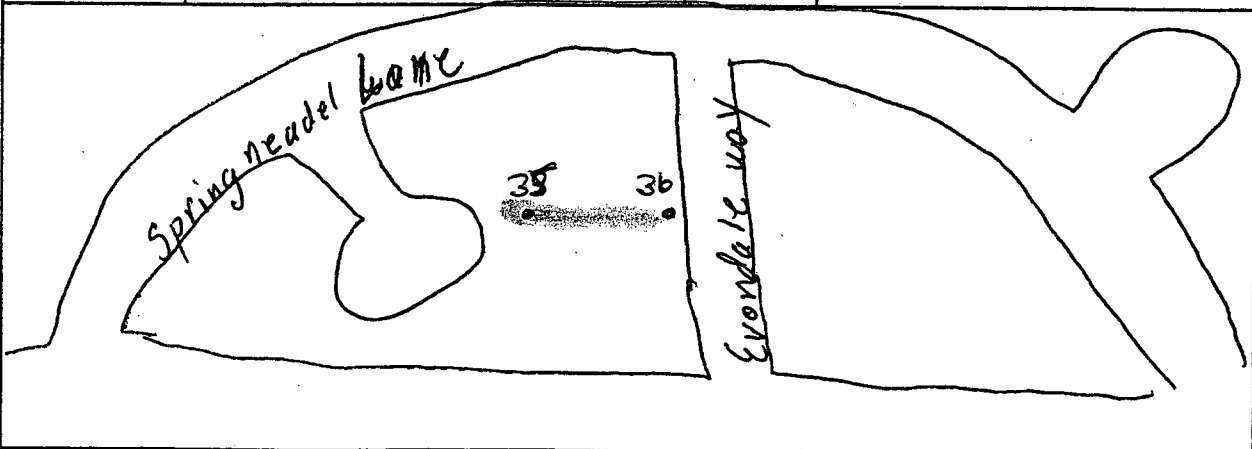
TV REPORT

Date: 9-21-00	Investigator: JD	Video Tape #: 2
Area: Goshen KY	Sub-Area: Lake View	Video Footage:
Complaint Address & Date: 9-21-00		Weather: 70°
Upstream MH Address: 36	Type of Pipe: PVC	
Downstream MH Address: 35	Pipe Size: 8"	
Line Location:	Pipe Length:	
Surface Cover: GRASS	Tved Length:	

PHYSICAL MEASUREMENTS: 8"	MANHOLE DEPTHS	US MH: 36 7'
Section Ground Distance:		DS MH: 35

Condition Being Investigated:
 Lines to be Tved in Goshen K.Y. Going Down Stream

Footage	Remarks	Footage	Remarks
0'	Started 8' up Line		
18.2	Pipe is Broken and Gone		





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-042
GOSHEN UTILITIES, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on October 2, 2000.

Parties of Record:

Greg Ferguson
Regulatory Affairs Coordinator
Louisville Gas and Electric Company
P. O. Box 32010
Louisville, KY. 40232 2010

Annemarie Beach
Administrative Manager
Goshen Utilities, Inc.
1001 Riverside Drive
P. O. Box 36
Goshen, KY. 40026

Honorable Jeffrey C. Sauer
Counsel for Goshen Utilities, Inc.
Ackerson, Mosley & Yann, P.S.C.
1200 One Riverfront Plaza
Louisville, KY. 40202

Stephanie J. Bell

Secretary of the Commission

SB/lc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
and)
GOSHEN UTILITIES, INC.)
_____) CASE NO. 99-042
INVESTIGATION INTO ALLEGED UNSAFE UTILITY)
PRACTICES)

ORDER

Goshen Utilities, Inc. ("Goshen") requests Commission approval of its plan to locate and map its existing sewer facilities and to establish a deferred regulatory asset account to book the cost of such mapping. More specifically, Goshen requests that we reduce the scope of our Order of August 24, 1999 in which we required Goshen to develop a plan for mapping and locating all of its existing sewer facilities. In lieu of mapping all of its facilities, Goshen proposes to map the precise location of sewer facilities only in those areas where directional boring has been or will likely be performed. Finding that Goshen's proposal achieves the objectives stated in the Order of August 24, 1999, we approve the proposed plan with modifications.

BACKGROUND

Directional boring is an alternative means of installing or replacing underground gas mains with only minimal site disruption or restoration costs. It has two stages. In the first stage, a steerable drill head bores a pilot hole to a pre-designated point. In the second stage, the drill head is removed and is replaced with a reamer to enlarge the

hole and a swivel that attaches to the pipe. At this point, the entire assembly is pulled back through the pilot hole. No trenches are dug, nor is any landscaping disturbed.

Using directional boring, Louisville Gas and Electric Company ("LG&E") began installing natural gas mains in February 1998 in the Lakeview Subdivision of northern Oldham County. During the first phase of this project, LG&E installed approximately 4,300 feet of gas main to 56 customers within the subdivision. Hall Contracting, a construction contractor, performed the actual installation. Shortly before beginning this installation, LG&E contacted Goshen and requested that its representative be present during the installation to assist in the location of Goshen's sewer mains. (Goshen owns and operates gravity fed sewers that serve the Lakeview Subdivision.) A Goshen representative was on site during the installation.

Shortly after LG&E began its extension to Lakeview Subdivision, three residents complained to Goshen of sewer stoppages. Upon inspection, Goshen discovered that LG&E's contractors had unknowingly pierced Goshen's gravity fed sewer service lines when installing the gas mains. The newly installed gas main blocked Goshen's sewer service lines.

The blockage posed a serious safety problem. Homeowners' efforts to remove a sewer stoppage could have resulted in the rupture of the gas line. Natural gas could then seep into the homes through the sewer and create the potential for a gas explosion. Recognizing the potential safety hazard, Goshen contacted all homeowners in the area and advised them to contact the utility before attempting to clear a sewer service line. It also reported the problem to LG&E's contractor. LG&E subsequently provided written notice of the problem to the affected customers. Of the 56 residences involved in the first phase of the main extension project, LG&E could confirm safe

installation at only 34 residences. These residences include all residences located on the opposite side of the road or street from the gas main plus the three residences that experienced sewer line blockages.

In September 1998, LG&E resumed gas main extensions to the Lakeview Subdivision. During this phase of the extension, LG&E installed 3,600 feet of gas main to 56 customers. Southern Pipeline, a construction contractor, performed the installation. Prior to installation, LG&E attempted to locate Goshen's sewer lines using a pothole technique. When that technique proved unsuccessful, Southern Pipeline began installing the gas main using the directional boring technique. After learning of Southern Pipeline's action, LG&E ordered a halt to the use of this technique and directed that conventional trenching be used for the remainder of the project. Nine residences were affected by the use of the directional boring technique. Neither utility could confirm that these installations were safe.

After Goshen and LG&E were unable to agree upon a procedure for inspecting the gas and sewer lines of the affected customers, the Commission, in February 1999, directed both utilities to show cause why the current condition of the lines did not pose an unsafe condition. After a hearing in the matter, the Commission, on August 24, 1999, found that an unsafe condition did exist, and directed the utilities to conduct a joint inspection of the facilities and to visually confirm that Goshen's sewer service lines had not been damaged. The Commission further directed Goshen to submit a written plan for locating and mapping all of its existing sewer facilities. This plan was to "enable Goshen to determine the approximate location of its sewer facilities." The Commission also directed LG&E to cease its use of directional boring until "Goshen's sewer facilities have been located and mapped."

Complying with the Commission's Order, Goshen and LG&E jointly inspected the affected facilities in September 1999 using remote video cameras. They discovered one instance of a sewer service line pierced by a gas main. Repairs were made to this line.

GOSHEN'S PROPOSED MAPPING PLAN

Goshen has submitted a mapping plan that does not require the mapping of all existing sewer facilities. It argues that its existing system maps already show the approximate location of existing facilities. It proposes to rely upon these maps in most instances. It further proposes to locate its service lines using a remote video camera in areas that are served by gravity-fed sewer lines, that are not currently receiving natural gas service, and that are likely to receive natural gas service in the near future. Goshen also proposes to conduct additional video mapping on an "as needed" basis. See Goshen's Plan for Locating and Mapping Existing Sewer Facilities at 6.

In support of its plan, Goshen argues that it currently has 75,000 linear feet of sewer main. It estimates that the cost of video mapping its entire system would exceed \$100,000. Such cost, Goshen asserts, would impose a hardship on the utility and its ratepayers. Moreover, it asserts, video mapping the entire system is not cost effective and would not add greatly to the information contained in Goshen's existing system maps. In some portions of Goshen's service area, gas and sewer lines were installed at the same time, thus eliminating the concerns presented in the current case. In other areas, gas service was installed after the installation of sewer lines, using traditional methods. Finally, Goshen notes, safety concerns will exist only when gravity fed sewer lines are involved.

Having carefully reviewed Goshen's proposal, we find that it is reasonable and should be accepted. While video mapping of Goshen's entire system ensures a very accurate map of Goshen's facilities, the costs of such a mapping plan are significant. The benefits from such mapping, moreover, do not outweigh these costs. Goshen's plan, while more limited in scope, will address the safety issues posed by LG&E and other utilities' use of directional boring. Potential safety problems are significantly reduced. Even in those areas where video mapping is performed, visual inspection of the sewer line and gas main should continue to be performed.

Our acceptance of Goshen's mapping plan is conditioned upon modifications to Goshen's service regulations. To reduce the expense and time of locating sewer facilities in the future, we find that Goshen should require persons subsequently connecting to Goshen's wastewater collection system, regardless of their location within Goshen's service area, to install a cleanout¹ outside the serviced structure or building. In addition to permitting the customer or utility to clean a clogged service line more easily, the requirement will allow quick charting of the location and depth of the service line by inserting a metallic rod into the cleanout and following its path with an electronic locating device. Such installation should reduce the expense and time in locating sewer service lines.

REQUEST FOR THE ESTABLISHMENT OF A DEFERRED
REGULATORY ASSET ACCOUNT

Goshen proposes to establish a special deferred regulatory asset account to record the expenses associated with its mapping program and to recover those

¹ A cleanout is "[a]ny structure or device which is designed to provide access for the purpose of removing deposited or accumulated materials." American Public Health Association et al., Glossary: Water and Wastewater Control Engineering 64 (3d ed. 1981).

expenses at its next general rate adjustment proceeding. Having considered the request, the Commission finds that the establishment of such an account should be authorized. Our authorization of such account should not be construed as authorizing recovery of the mapping expenses through Goshen's general rates. Such recovery will be considered at Goshen's next general rate adjustment.

SUMMARY

Having considered Goshen's motions and being otherwise sufficiently advised, the Commission HEREBY ORDERS that:

1. Goshen's proposed mapping program is accepted subject to the conditions set forth in Ordering Paragraph 2.

2. Goshen shall revise its service regulations to require all persons connecting to its wastewater collection system after October 31, 2000 to install a cleanout outside the serviced structure or building. This cleanout shall be installed at a point within 2 feet from the structure or building's foundation wall. The diameter of the cleanout shall not be less than 4 inches.²

3. Goshen's request for the establishment of a special deferred regulatory asset account to book all expenses associated with its proposed mapping program is approved.

4. Goshen shall record all expenses associated with its proposed mapping program in a special deferred regulatory asset account. The appropriate treatment of these expenses shall be determined at Goshen's next general rate proceeding.

² See Administrative Regulation 815 KAR 20:110, Section 8.

Done at Frankfort, Kentucky, this 2nd day of October, 2000.

By the Commission

ATTEST:


Executive Director

ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION
ATTORNEYS

1200 ONE RIVERFRONT PLAZA
LOUISVILLE, KENTUCKY 40202

ROBERT L. ACKERSON
EUGENE L. MOSLEY
ROBERT M. YANN
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JEFFREY C. SAUER *
WILLIAM J. COOPER, JR.
VICTOR L. BALTZELL, JR.
EDWARD L. GALLOWAY
DAVID B. BLANDFORD
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THOMAS D. MURPHY II
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BROWNSBORO ROAD BRANCH:
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JEFFERSONVILLE, INDIANA 47130

April 13, 2000

* Also Admitted In Indiana
** Also Admitted In Wisconsin

JCS E-Mail Address:
JCSauer@aol.com

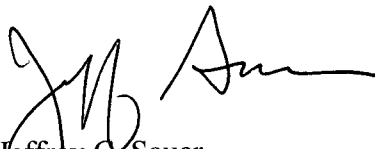
Mr. Martin J. Huelsmann
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

**Re: Case No. 99-042
Goshen Utilities, Inc.**

Dear Mr. Huelsmann:

Enclosed for filing with the Commission is an original and 10 copies of the Plan for Locating and Mapping Existing Sewer Facilities Submitted by Goshen Utilities, Inc.

Very truly yours,



Jeffrey C. Sauer

JCS/
Enclosures

RECEIVED
APR 17 2000
PUBLIC SERVICE
COMMISSION

Copies to:

Mr. William K. Reynolds
AquaSource Utility, Inc.
1601 Greentree Court
Clarksville, Indiana 47129

Max Apple, Esq.
AquaSource Utility, Inc.
1601 Greentree Court
Clarksville, Indiana 47129

Mr. Lloyd Eades
Goshen Utilities, Inc.
P.O. Box 490
Goshen, Kentucky 40026

Douglas M. Brooks, Esq.
Louisville Gas & Electric Company
220 West Main Street
Louisville, Kentucky 40202

RECEIVED
APR 17 2000
PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
APR 17 2000
PUBLIC SERVICE
COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
and)
GOSHEN UTILITIES, INC.)
_____)
INVESTIGATION INTO ALLEGED UNSAFE)
UTILITY PRACTICES)

CASE NO. 99-042

***PLAN FOR LOCATING AND MAPPING
EXISTING SEWER FACILITIES
SUBMITTED BY
GOSHEN UTILITIES, INC.***

This case finds its origin in a letter dated April 21, 1998, by which Goshen Utilities, Inc. ("Goshen Utilities"), with the consent of Louisville Gas and Electric Company ("LG&E"), requested assistance from the staff of the Public Service Commission ("Commission") for issues involving directional boring.

BACKGROUND

In late February 1998, LG&E began installing gas lines in the Lakeview subdivision in north Oldham County by means of directional boring. Several sewer lines of Goshen Utilities were inadvertently "pierced" by the newly installed gas lines. The potentially affected residents

in the subdivision were notified⁽¹⁾ by both utilities. The pierced sewer lines were unearthed and repaired by LG&E.

Because Goshen Utilities and LG&E were not able to resolve several issues concerning the use of directional boring in the Lakeview subdivision and since important customer safety issues were involved, Goshen Utilities advised LG&E of its desire to request an informal conference with Commission staff in order seek assistance. LG&E consented to the request for staff assistance.

An informal conference with Commission staff was held on June 16, 1998. By letter dated July 31, 1998, Commission staff urged the parties to jointly inspect the gas line/sewer line intersections to determine whether any other sewer lines of the 31 potentially affected residences had been inadvertently pierced by the newly installed gas line. Goshen Utilities made a number of efforts by telephone and letter to begin the joint inspections or to at least agree upon the manner in which the joint inspections would be accomplished.

REQUEST FOR INITIATION OF FORMAL CASE

By letter dated November 24, 1998 to Helen C. Helton, Executive Director of the Commission, Goshen Utilities reported that no inspections had been made of the potentially affected residences in the Lakeview subdivision. "Although we have made several efforts to move forward with this matter, our efforts have not resulted in any inspections or an agreement on how such inspections should be accomplished. We solicit your involvement with this important safety issue in order that the inspections can be accomplished without further delay."

(1) The president of Goshen Utilities hand-delivered a warning notice to all potentially affected residents. LG&E mailed a notice to the residents.

Soon thereafter, Goshen Utilities informally requested that a case be initiated before the Commission in order that the joint inspections could be made mandatory, and also to allow a review of the safety issues involved with directional boring. Case No. 99-042 was commenced by Order dated February 9, 1999. A formal hearing was held before the Commission on February 26, 1999.

JOINT INSPECTIONS ORDERED

By Order dated August 24, 1999, the Commission ordered the parties to jointly inspect the 31 potentially affected residences in the Lakeview subdivision. The parties then commenced joint inspections, with such inspections accomplished by means of a remote video camera placed in the sewer line. One additional instance of sewer line piercing was discovered; the damaged sewer line was repaired by LG&E. The results of the joint inspection and the sewer line repair were reported to the Commission.

The August 24, 1999 Order also provides that: (a) Goshen Utilities shall develop a plan for locating and mapping its existing facilities in order to enable Goshen to determine the approximate location⁽²⁾ of its sewer facilities, (b) LG&E shall cease using directional boring in the Goshen service area until the existing sewer facilities are located and mapped, and (c) when using directional boring in the future, LG&E must visually inspect the gas line/sewer line intersections to determine whether any damage has occurred during installation.

(2) KRS 367.4909(4)(a) requires Goshen Utilities to inform an excavator of the "approximate location" and description of any of its facilities, which may be damaged, or pose a safety concern, because of excavation work. The statute provide the following definition: "'Approximate location' means . . . for nonmetallic facilities without metallic tracer wire, the underground facility shall be located as accurately as possible from field location records."

CLARIFICATION SOUGHT

On November 10, 1999, Goshen filed an initial response to the Commission, and requested an Informal Conference with Commission staff in order to:

1. Clarify certain aspects of the Commission Order concerning the scope of locating and mapping of underground facilities to be conducted.
2. Present representative samples of field records for existing underground facilities for examination by Commission staff.
3. Discuss the costs involved with locating and mapping the existing facilities by remote video camera, and the manner in which the costs might be recovered by Goshen.
4. Review a tentative plan set forth in the initial response of Goshen.

An Informal Conference was held before Commission staff on February 15, 2000, at which time the above matters were discussed. An Inter-Agency Memorandum dated March 7, 2000, which summarized the matters discussed in the Informal Conference, was circulated to all parties.

PLAN FOR INSPECTING AND LOCATING FACILITIES

Goshen proposes to implement the following plan to determine the approximate location of existing sewer facilities (services lines and sewer mains) in its service area in north Oldham County:

1. Service Lines. For service lines, which connect sewer mains to the homes of customers ("Service Lines"), Goshen proposes to determine the approximate location of the Service Lines in areas described below using a remote video camera or such other technology,

which may be or become available and useful for such purpose. Goshen Utilities presented sample field records to Commission staff at the recent Informal Conference, and described areas where directional boring could present a safety concern.

2. Sewer Mains. For sewer mains, which collect the sewage discharge from Service Lines ("Sewer Mains"), Goshen believes that its existing field records adequately show the approximate location of such Sewer Mains in its service area. Sample field records of existing Sewer Mains in the service area of Goshen Utilities were examined by Commission staff at the recent informal conference.

3. Timetable; Areas. The following timetable for locating and mapping the Service Lines is proposed:

(a) Within 180 days of the date of the approval of this plan, the Service Lines in subdivision areas: (i) which are served by gravity fed sewers, but (ii) which are not presently served with natural gas (i.e., the "Goshen Hills" subdivision), will be located via remote video camera.

(b) In other areas served by Goshen, the Service Lines will be located via video camera or another useful method at the time when future construction or other activities make such location necessary or appropriate.

4. Updates to Field Records. The approximate location of the Service Lines, or any changes or correction thereto, will be noted on the field records of Goshen at the time the location is made as provided above.

5. Establishment of Deferred Regulatory Asset Account. In order to recover the costs and expenses associated with the inspections and mapping, including the development of this

plan, Goshen Utilities proposes to establish a special deferred regulatory asset account. Costs and expenses associated with the plan approved by the Commission will be accumulated in such account. Such costs and expenses would be eligible for recovery through an appropriate adjustment to sewer tariffs at the next rate adjustment proceeding of Goshen Utilities.

SCOPE OF COMMISSION ORDER

Goshen Utilities requested the Informal Conference held on February 15, 2000 in order to discuss, among other things, the scope of the "locate and map" requirement of the Commission Order dated August 24, 1999. Although Goshen Utilities could have interpreted the Order as a mandate to video its entire sewer system, such an interpretation would result in unnecessary costs, would likely impose an additional burden on ratepayers for cost recovery, and most of the effort would not be responsive to the particular safety issue involved with directional boring.

1. Goshen Utilities has approximately 75,000 linear feet of sewer mains in its service area. The cost to "video it all" would likely exceed \$100,000.⁽³⁾
2. There is no need to spend \$100,000+ to "video it all" based on the particular safety issue involved with this Case No. 99-042. The safety issue involves the confluence of three particular circumstances: (i) gas line installation (ii) using directional boring (iii) in an area served by gravity-fed sewers. If any of the three circumstances is not present, then the potential safety issue is not present. Most areas in the Goshen Utilities service area do not require special inspection or mapping to avoid safety issues resulting from directional boring.⁽⁴⁾
3. Before the directional boring issue, the completeness, accuracy or sufficiency of the field records of Goshen Utilities had never before been an issue. The adequacy of the field records of Goshen Utilities in the Lakeview subdivision became an

(3) According to estimates supplied by AquaSource Utility, Inc. (parent of Goshen Utilities, Inc.), the cost would be approximately \$1.50 per linear foot.

(4) During the Informal Conference on February 15, 2000, Goshen Utilities stated that it believed only the Goshen Hills subdivision should be mapped with a video camera at the present time.

issue only as a result of the use of directional boring by LG&E for gas line installation.⁽⁵⁾

4. Goshen Utilities proposes to recover the costs and expenses involved with the plan to locate and map its facilities in the next rate adjustment proceeding. Most of the costs of a "video it all" plan would have little or no relationship to the safety issues involving directional boring, and much of general information gathered by a video it all approach would have limited value to Goshen Utilities. The cost to "video it all" would not, in our view, be a prudent expenditure for the company or the ratepayers.
5. Goshen Utilities proposes to conduct additional video mapping for the Goshen Hills subdivision because that area potentially involves the directional boring safety issue: (i) the subdivision is not presently served with gas, (ii) Goshen Hills is served by gravity-fed sewers, and (iii) it is likely that gas service will at some time in the near future be provided by LG&E since Goshen Hill is located adjacent to other subdivisions already served with gas.⁽⁶⁾
6. The approximate location of sewer mains can be determined by existing field records and by visual on-site inspection with manhole access. The approximate location of customer service lines can generally be determined from the present field records, although the actual location of a small number of customer service lines may differ from the field records.⁽⁷⁾ Goshen Utilities proposes to conduct additional video mapping in the Goshen Hills subdivision and in other areas on an "as needed" basis, as provided in the plan set forth above.

(5) Goshen Utilities acknowledges that its field records for the Lakeview subdivision were not particularly helpful in determining the approximate location of customer service lines in that subdivision when LG&E was installing gas lines.

(6) At the Informal Conference on February 15, 2000, a set of the field records for the Goshen Hills subdivision was provided to Gregory B. Ferguson, LG&E Regulatory Affairs Coordinator, with the request that he deliver such records to the appropriate LG&E engineers for review. LG&E agreed to advise Goshen Utilities if it intends to use direction boring to install gas lines in the Goshen Hills subdivision.

(7) Such a difference may result, for example, when a plumber making the final installation of the customer's sewer line finds an "easier route" to the sewer main, and changes the sewer tap location without the knowledge of Goshen Utilities.

7. If gas lines are installed using directional boring in an area already served by gravity-fed sewers (whether or not in the Goshen Utilities service area), the determination of the "approximate location" of the existing sewer facilities only serves the limited purpose of assisting the company or contractor responsible for the installation in locating the underground facilities. The "approximate location" identified by sewer utility cannot be the basis to conclude that an inadvertent piercing of an existing sewer line has not occurred. In all cases, post-construction verification by the gas line installer must be conducted, irrespective of any pre-construction location efforts.

REPORT TO COMMISSION

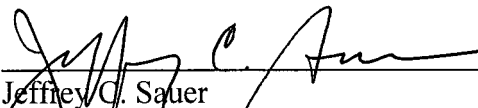
Within thirty (30) days following completion of the locating and mapping described in the above mapping plan, Goshen Utilities will provide a written report to the Commission advising of the completion of the video mapping in the Goshen Hills subdivision, and noting such other information as may be appropriate.

POLICY ISSUES

The directional boring safety issues in the Goshen Utilities service area are largely solved at this point. All potentially affected residences in the Lakeview subdivision have been inspected, and all necessary repairs have been made. LG&E is not currently using directional boring in the area. If LG&E decides to use directional boring in the Goshen Utilities service area, it is required by Commission Order to visually inspect the gas line/sewer line intersections after installation to determine whether any damage has occurred during installation. Goshen Utilities proposes to make a video map of its underground sewer facilities in the Goshen Hills subdivision, an area presently served with gravity-fed sewers and which will likely receive gas service in the future; and, to map other areas on an as needed basis.

Important policy issues still remain for consideration by the Commission. Other utilities throughout the state have used and will continue to use directional boring to install gas lines in areas served by gravity-fed sewers. Because of the experience in north Oldham County, Goshen Utilities believes that the Commission should review the safety issues involved with directional boring, and consider making post-construction safety procedures mandatory for utilities within its jurisdiction when gas lines are installed in areas served by gravity fed sewers. Industry guidelines for directional boring and industry self-regulation may not be sufficient.

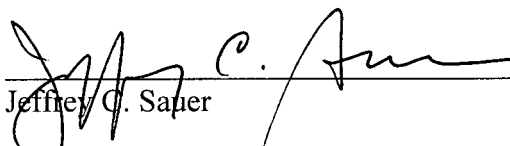
Respectfully submitted,



Jeffrey C. Sauer
Ackerson, Mosley & Yann, P.S.C.
1200 One Riverfront Plaza
Louisville, Kentucky 40202
502-583-7400
Counsel for Goshen Utilities, Inc.

CERTIFICATE

A copy of the foregoing Plan for Locating and Mapping Existing Sewer Facilities Submitted by Goshen Utilities, Inc. was mailed to Douglas M. Brooks, Louisville Gas and Electric Company, 220 West Main Street, Louisville, Kentucky 40232 on this 13th day of April, 2000.



Jeffrey C. Sauer



Paul E. Patton, Governor

**Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet**

**Martin J. Huelsmann
Executive Director
Public Service Commission**

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**B. J. Helton
Chairman**

**Edward J. Holmes
Vice Chairman**

**Gary W. Gillis
Commissioner**

March 7, 2000

Jeffrey C. Sauer, Esq.
Ackerson, Mosley & Yaun, P.S.C.
1200 One Riverfront Plaza
Louisville, Kentucky 40202-2923

Douglas M. Brooks, Esq.
Louisville Gas and Electric Company
220 West Main Street
Post Office Box 32010
Louisville, Kentucky 40232-2010

Re: Case No. 99-042
Goshen Utilities, Inc.

Gentlemen:

The enclosed memorandum has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within ten days of receipt of this letter. Any questions regarding this memorandum should be directed to Gerald Wuetcher, Commission counsel, at (502) 564-3940, Extension 259.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Huelsmann".

Martin J. Huelsmann
Executive Director

gw
Enclosure
cc: Parties of Record



INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 99-042

FROM: Gerald Wuetcher *GW*
Staff Attorney

DATE: March 7, 2000

RE: Conference of February 15, 2000

On February 15, 2000, the Commission held a conference in this case at the Commission's offices in Frankfort, Kentucky. Present were:

Lloyd Eades	-	Goshen Utilities, Inc.
Jeffery Sauer	-	Goshen Utilities, Inc.
William K. Reynolds	-	Aqua Source
Greg Ferguson	-	Louisville Gas and Electric Company
Larry Amburgey	-	Commission Staff
James Rice	-	Commission Staff
Eddie B. Smith	-	Commission Staff
George Wakim	-	Commission Staff
Gerald Wuetcher	-	Commission Staff

Upon the motion of Goshen Utilities, Inc. ("Goshen"), the Commission, by Order dated January 14, 2000, ordered that the conference be convened.

Beginning the conference, Mr. Wuetcher stated that Commission Staff would prepare minutes of the conference for the case record, that a copy of the minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon the minutes.

Mr. Sauer reviewed the events that led to Goshen's motion for an informal conference. He stated that no immediate safety problems related to the Louisville Gas and Electric Company's ("LG&E") use of directional boring in Goshen's service area presently exist. He stated that LG&E has discontinued the use of directional boring until all Goshen facilities can be adequately located. He further stated that all sewer service lines in the area in which LG&E was using directional boring have been inspected and, where appropriate, repaired.

Mr. Sauer stated that Goshen requires clarification of the Commission's Order of August 24, 1999. In that Order, the Commission directed Goshen to locate and map all its sewer facilities within 180 days. Goshen has determined two different options for

complying with this directive. Under the first option, Goshen would locate and map all of its sewer facilities. Under the second option, Goshen would perform detailed mapping only in those parts of its service territory that do not currently receive gas service, but which LG&E could potentially serve.

Mr. Sauer and Mr. Eades described the first option as expensive and unnecessary. They believe that it would provide few benefits to Goshen's customers or to other utilities serving the area. Mr. Eades noted that Goshen can currently identify the general location of its facilities through existing maps, as-built plans, and field records. As most of Goshen's service area already has gas service, the safety benefits of this detailed mapping are relatively small.

Mr. Sauer, Mr. Eades and Mr. Reynolds stated that the second option is more cost-effective. It would allow the utility to focus on the areas where directional boring might be used in the future and would not require mapping of developed areas where no safety concerns are present. They noted that the need for detailed mapping would depend upon LG&E's plans for the area. Mr. Ferguson stated that he was not aware of LG&E's present expansion plans for the area and could not confirm whether directional boring might again be used in the area.

Mr. Smith and Mr. Wuetcher stated that the language of the Commission's Order of August 24, 1999 suggests that all facilities had to be mapped. They further stated that the Commission's concerns were primarily safety-related and that a more limited mapping plan might be adequate to meet these concerns. Mr. Wuetcher suggested that, if Goshen believes a more limited mapping plan would meet the Commission's concerns, it should submit its proposal to the Commission for approval and present its arguments in support of such plan.

Mr. Sauer and Mr. Reynolds also raised the issue of rate recovery for the cost of inspections and mapping. They stated that the expenses are extraordinary expenses, are clearly related to the provision of sewer service, and should be recovered through utility rates. Mr. Wuetcher stated that the Commission's past practice has been to address such issues of rate recovery in a rate adjustment proceeding. He suggested that, if the utility wished to present the issue to the Commission at this point without filing for a rate adjustment, it should request Commission approval to establish a deferred regulatory asset account in which the mapping expenses could be booked. The issue of rate recovery could then be addressed at Goshen's next rate adjustment proceeding. Mr. Sauer and Mr. Reynolds agreed to consider this suggestion.

Mr. Sauer stated that Goshen would be filing a motion for Commission approval of its mapping proposals within 60 days. Any request for establishing a deferred regulatory asset account would also be made at that time. Mr. Sauer also stated that

Case File No. 99-042

March 7, 2000

Page 3

Goshen would request that the time period for completing the mapping be 180 days from the date of the order in which the Commission rules on Goshen's motions.

The conference then adjourned.

cc: Parties of Record



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 14, 2000

Greg Ferguson
Regulatory Affairs Coordinator
Louisville Gas and Electric Company
P. O. Box 32010
Louisville, KY. 40232 2010

Annemarie Beach
Administrative Manager
Goshen Utilities, Inc.
1001 Riverside Drive
P. O. Box 36
Goshen, KY. 40026

Honorable Jeffrey C. Sauer
Counsel for Goshen Utilities, Inc.
Ackerson, Mosley & Yann, P.S.C.
1200 One Riverfront Plaza
Louisville, KY. 40202

RE: Case No. 1999-042

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
And)
GOSHEN UTILITIES, INC.)
_____) CASE NO. 99-042
INVESTIGATION INTO ALLEGED UNSAFE UTILITY)
PRACTICES)

ORDER

Goshen Utilities, Inc. has moved for an informal conference to discuss several issues related to the mapping of its existing facilities. Having considered the motion, the Commission finds that an informal conference should be conducted.

IT IS THEREFORE ORDERED that an informal conference shall be held in this matter on February 15, 2000 at 1:00 p.m., Eastern Standard Time, in Conference Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 14th day of January, 2000.

By the Commission

ATTEST:


Executive Director

1/2
S/L

74

MA

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INSTALL C.W.O.# X-44310A
3600' OF 2" M.P. PLASTIC PIPE

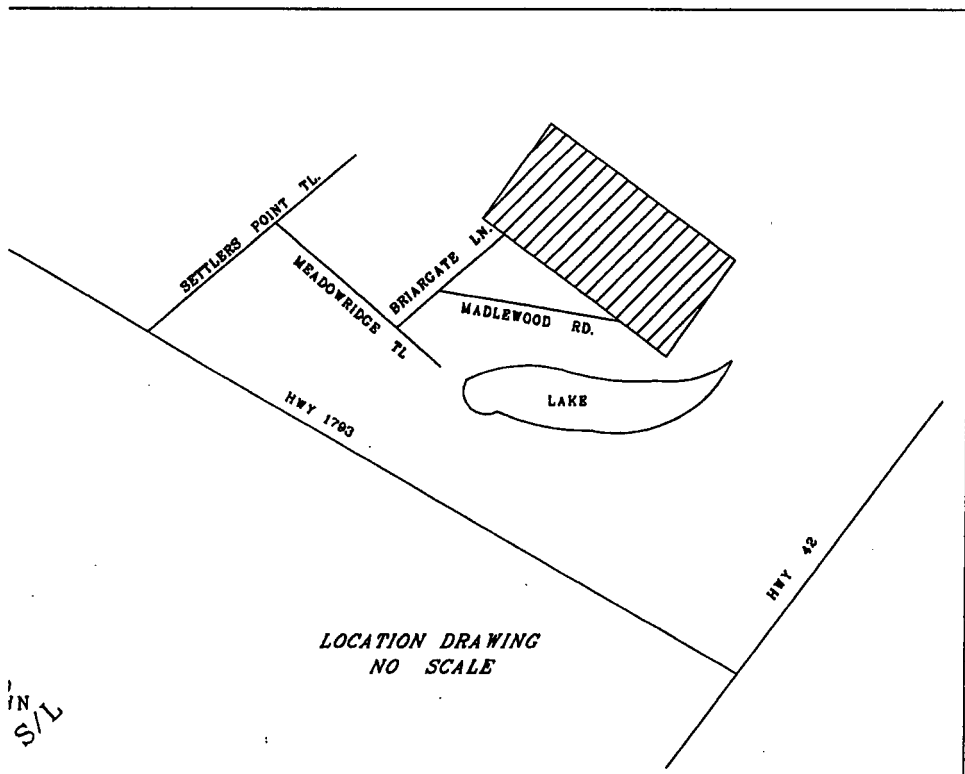
*CONTRACTOR SHALL MAKE ALL TIE-INS
AND CUT OUTS; AND CONTRACTOR SHALL
RETURN TO JOB SITE AND MAKE ALL
FINAL CUT OUTS.*

*ALL GAS PIPING TO BE INSTALLED
IN ACCORDANCE WITH THE CONTRACT
CONSTRUCTION SPECIFICATION
SHEET (GECS-100, Rev. 3/94)*

AIR TEST @ 100 lbs.

*CONTRACTOR:
CONTRACT#:
C.O.#: G.W.O.#: 297577*

478-982 HC		LOUISVILLE GAS AND ELECTRIC COMPANY LOUISVILLE, KENTUCKY	
REVISIONS		DEPARTMENT: Gas Dept. (Div. 41)	
DATE	BY	LAKEVIEW ESTATES SEC. #1	
		SCALE 1"-100'DATE 3-2-98	
		DRAWN BY CORNETET	
		APPROVED BY	
		D-14901	



1/4
IN
S/L

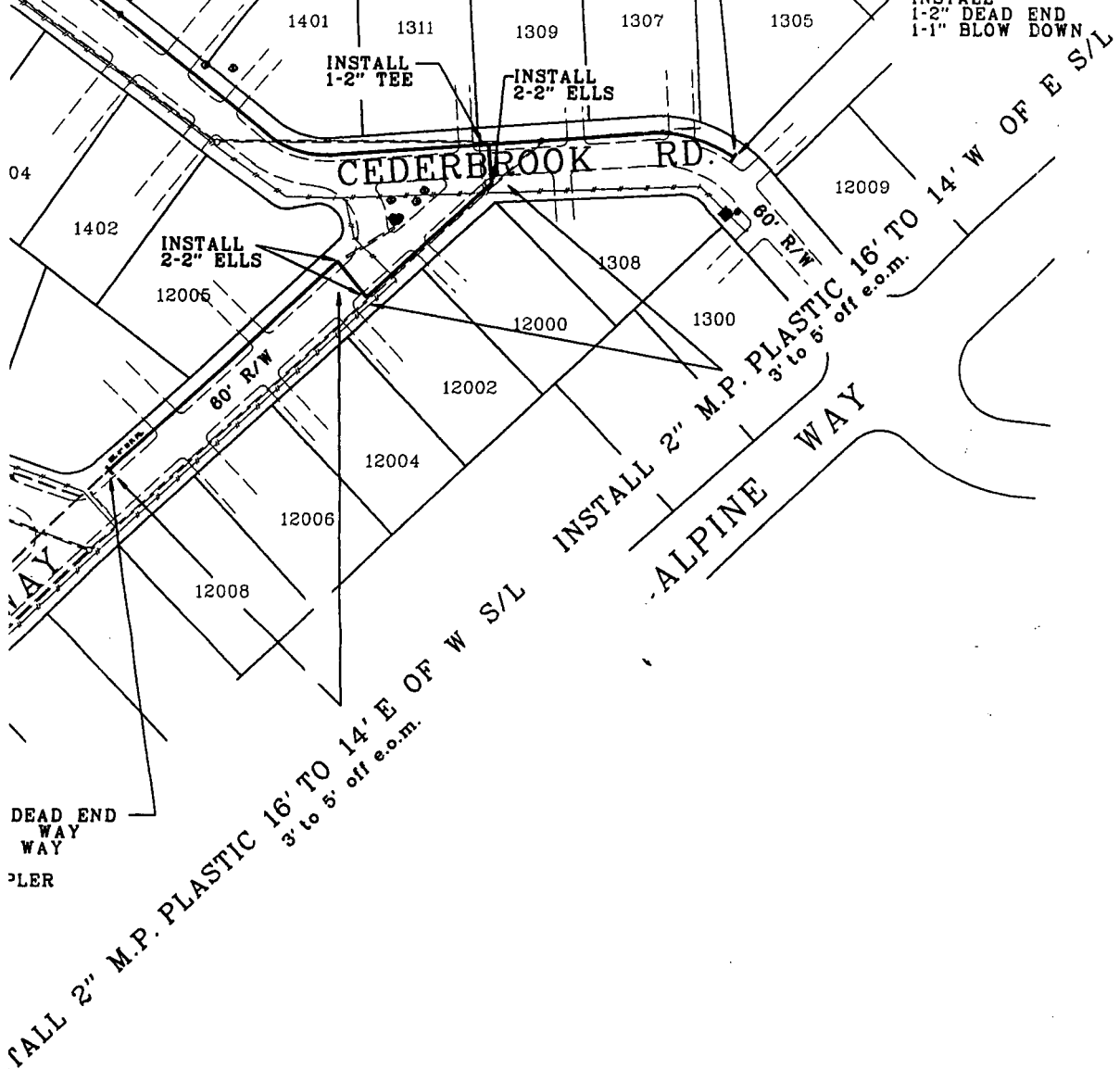
LOCATION DRAWING
NO SCALE

MA

MA

INSTALL C.W.O.# X-44310A
3600' OF 2" M.P. PLASTIC PIPE

CONTRACTOR SHALL MAKE ALL TIE-INS
AND CUT OUTS; AND CONTRACTOR SHALL

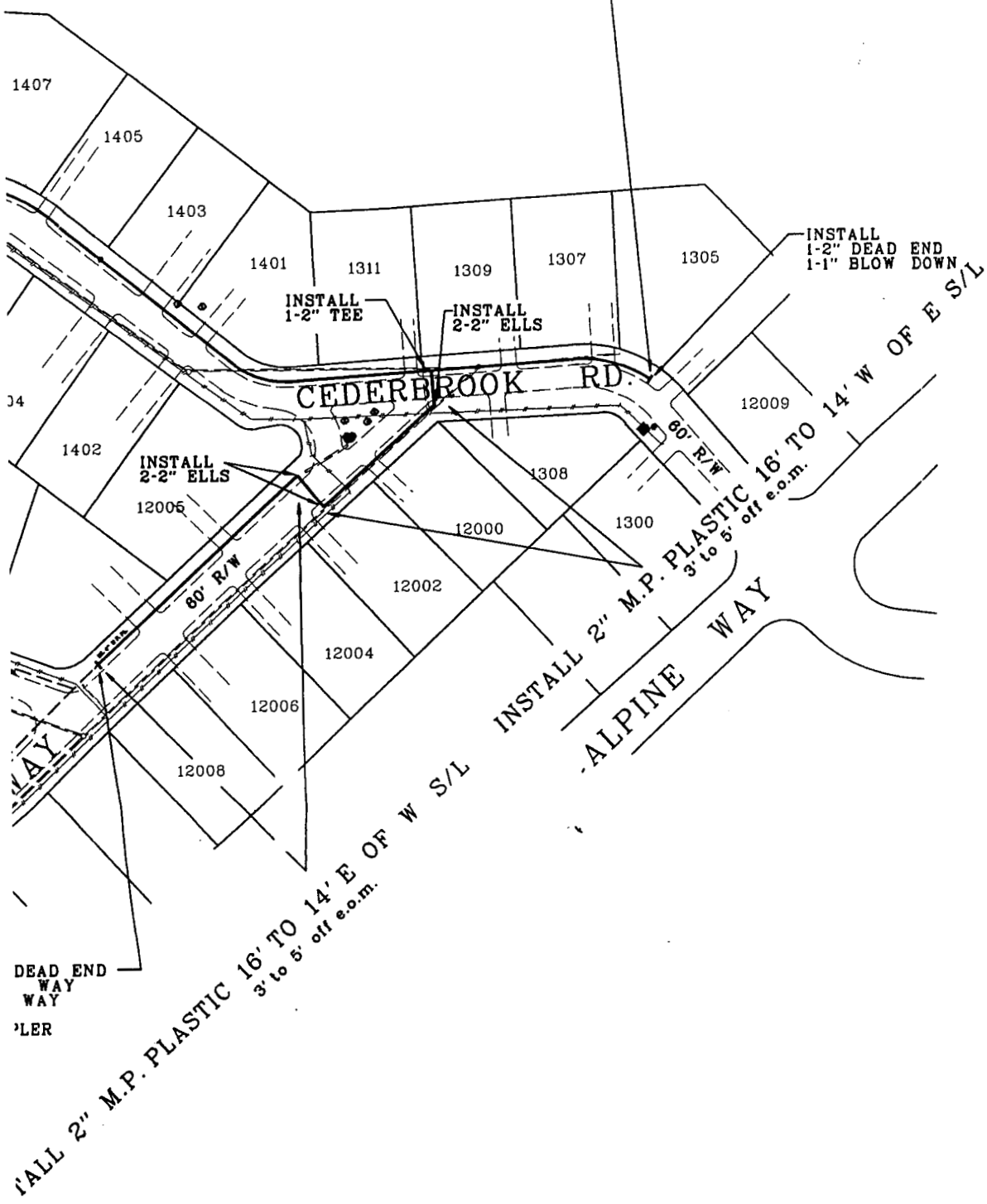


INSTA
3600'

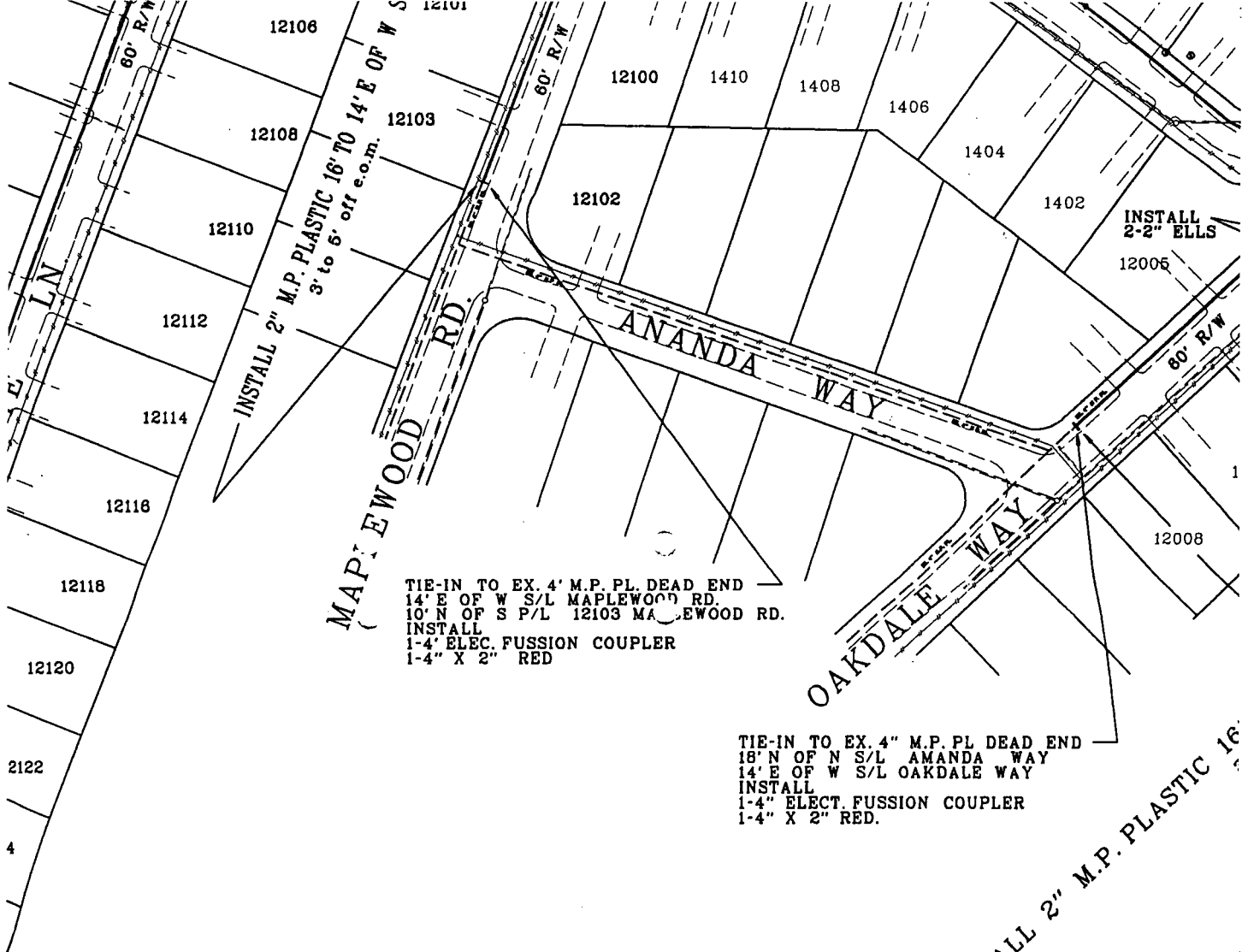


PLASTIC 16' TO 14' S OF N S/L
3' to 5' off e.o.m.

SETTLERS POINT TR
MRA
HWY



INSTA
3600'



12106
12108
12110
12112
12114
12116
12118
12120

INSTALL 2" M.P. PLASTIC 16' TO 14'E OF W S
3' to 5' off e.o.m.

MAPLEWOOD RD

12100 1410 1408 1406 1404 1402

12102

ANANDA WAY

INSTALL 2-2" ELLS

12006

12008

OAKDALE WAY

TIE-IN TO EX. 4" M.P. PL. DEAD END
14' E OF W S/L MAPLEWOOD RD.
10' N OF S P/L 12103 MAPLEWOOD RD.
INSTALL
1-4" ELEC. FUSSION COUPLER
1-4" X 2" RED

TIE-IN TO EX. 4" M.P. PL. DEAD END
18' N OF N S/L AMANDA WAY
14' E OF W S/L OAKDALE WAY
INSTALL
1-4" ELECT. FUSSION COUPLER
1-4" X 2" RED.

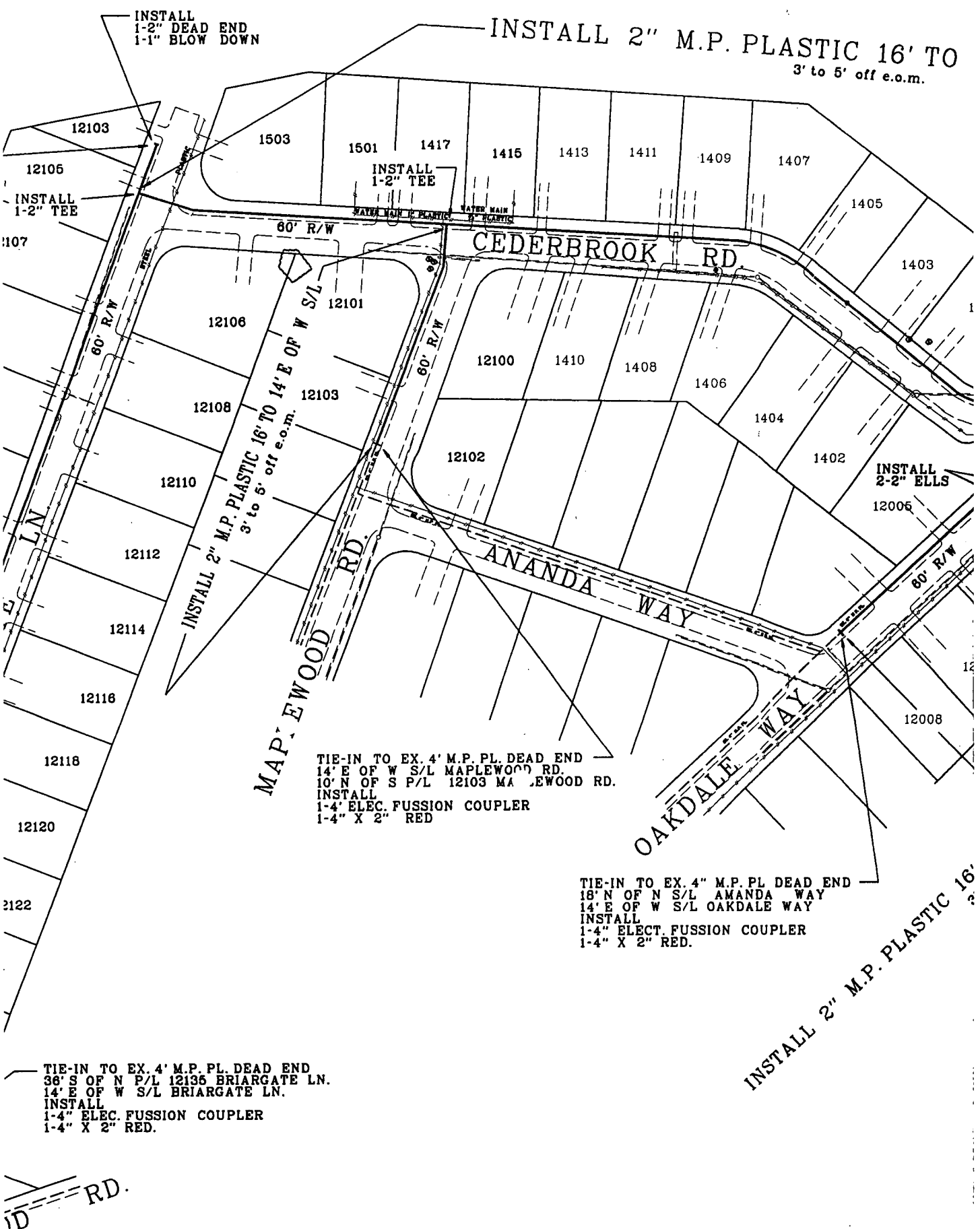
INSTALL 2" M.P. PLASTIC 16'

TIE-IN TO EX. 4" M.P. PL. DEAD END
36' S OF N P/L 12136 BRIARGATE LN.
14' E OF W S/L BRIARGATE LN.
INSTALL
1-4" ELEC. FUSSION COUPLER
1-4" X 2" RED.

RD.

INSTALL
1-2" DEAD END
1-1" BLOW DOWN

INSTALL 2" M.P. PLASTIC 16' TO
3' to 5' off e.o.m.



INSTALL
1-2" TEE

INSTALL
1-2" TEE

INSTALL
2-2" ELLS

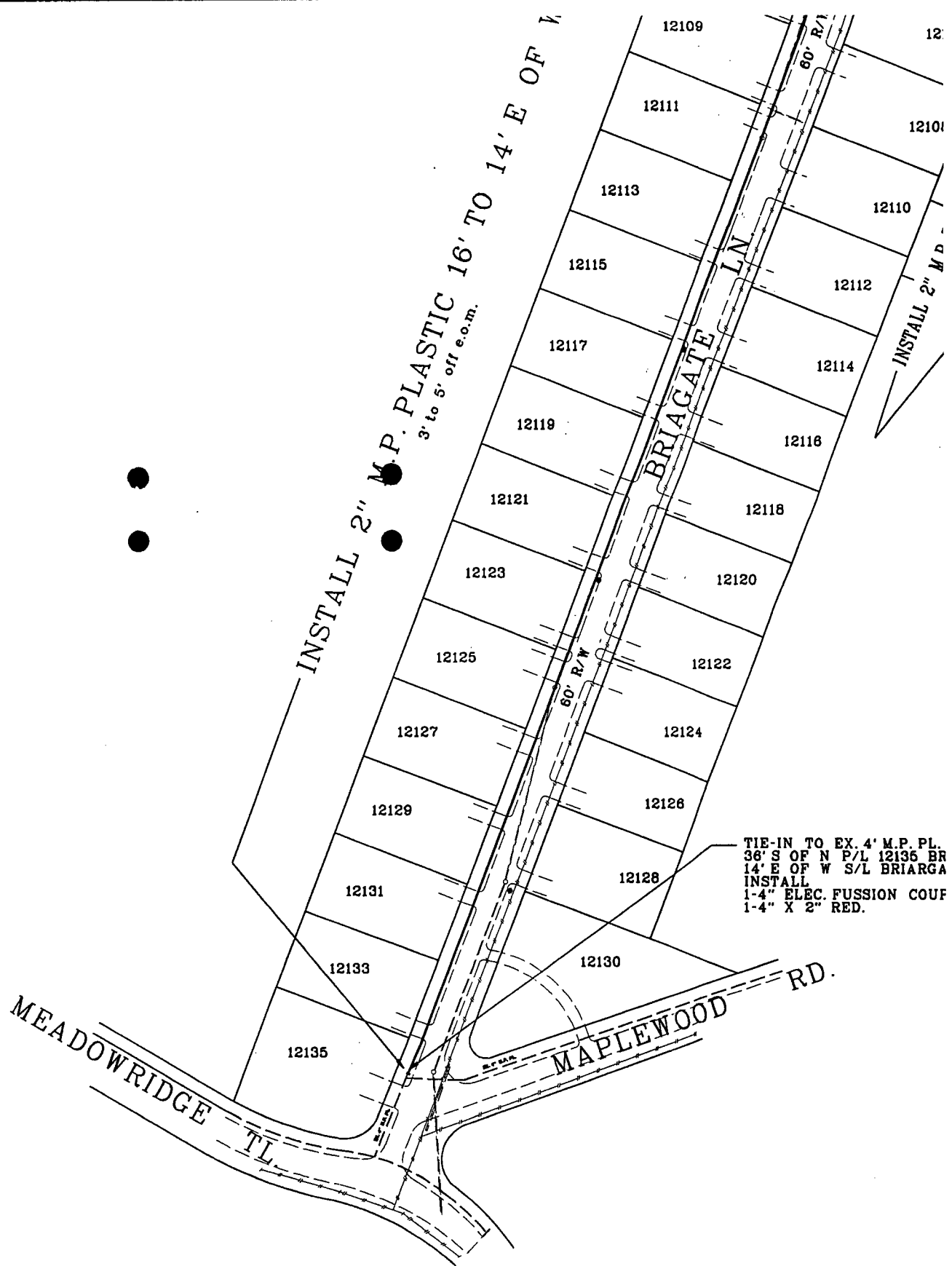
TIE-IN TO EX. 4" M.P. PL. DEAD END
14' E OF W S/L MAPLEWOOD RD.
10' N OF S P/L 12103 MAPLEWOOD RD.
INSTALL
1-4" ELEC. FUSSION COUPLER
1-4" X 2" RED

TIE-IN TO EX. 4" M.P. PL. DEAD END
18' N OF N S/L AMANDA WAY
14' E OF W S/L OAKDALE WAY
INSTALL
1-4" ELEC. FUSSION COUPLER
1-4" X 2" RED.

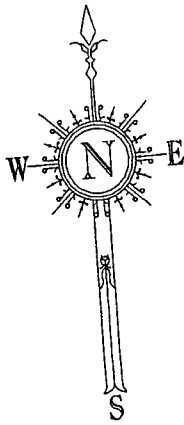
TIE-IN TO EX. 4" M.P. PL. DEAD END
38' S OF N P/L 12136 BRIARGATE LN.
14' E OF W S/L BRIARGATE LN.
INSTALL
1-4" ELEC. FUSSION COUPLER
1-4" X 2" RED.

INSTALL 2" M.P. PLASTIC 16'

RD.



BEFORE "U" DIG
CALL TOLL FREE
1-800-752-6007
FOR BURIED LINE/
CABLE LOCATIONS.



INSTALL
1-2" DEAD E
1-1" BLOW I

INSTALL 2" M.P. PLASTIC 16' TO 14' E OF W S/L
3' to 5' off e.o.m.

INSTALL
1-2" TEE

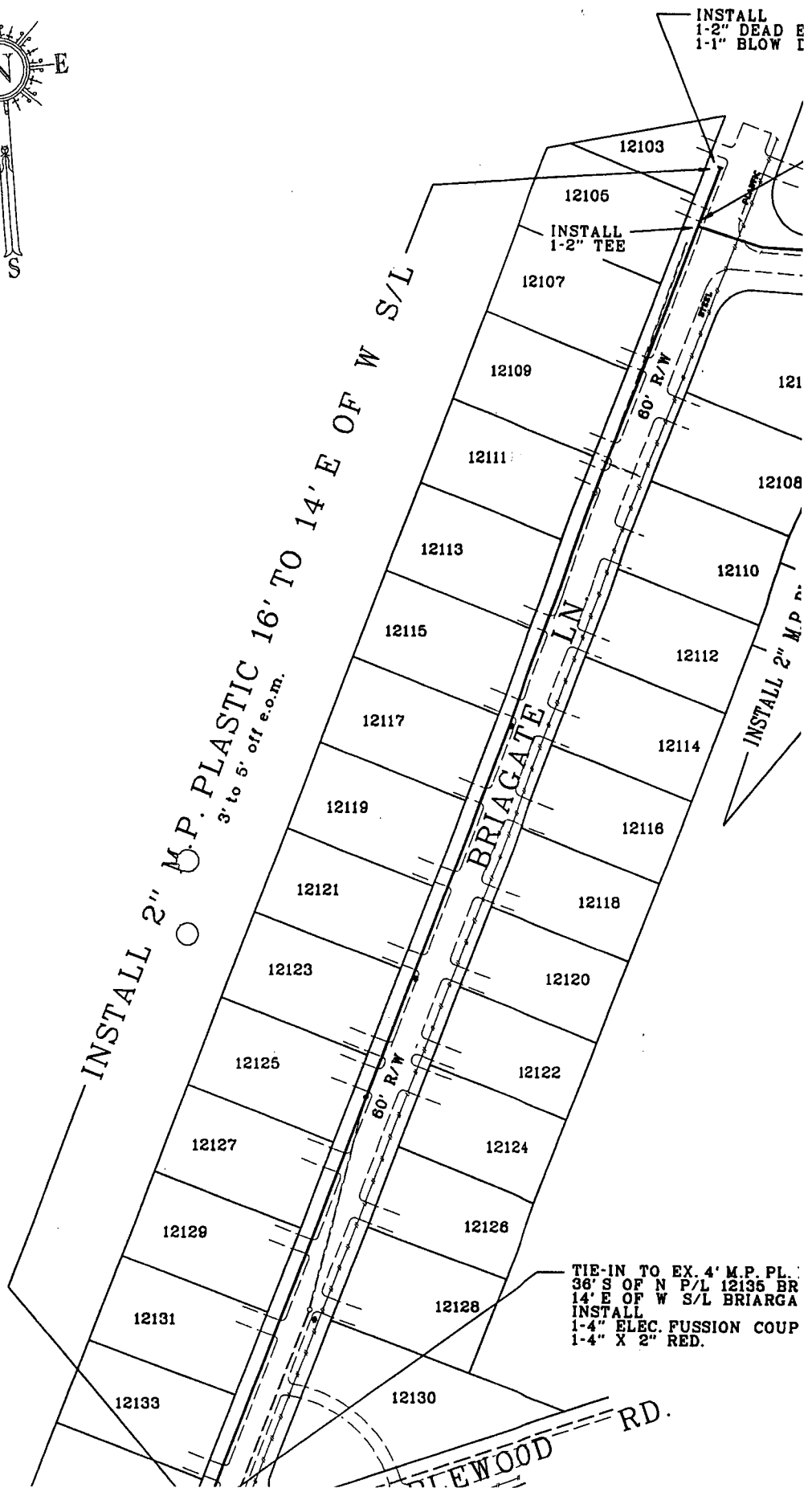
BRIAGATE LN.

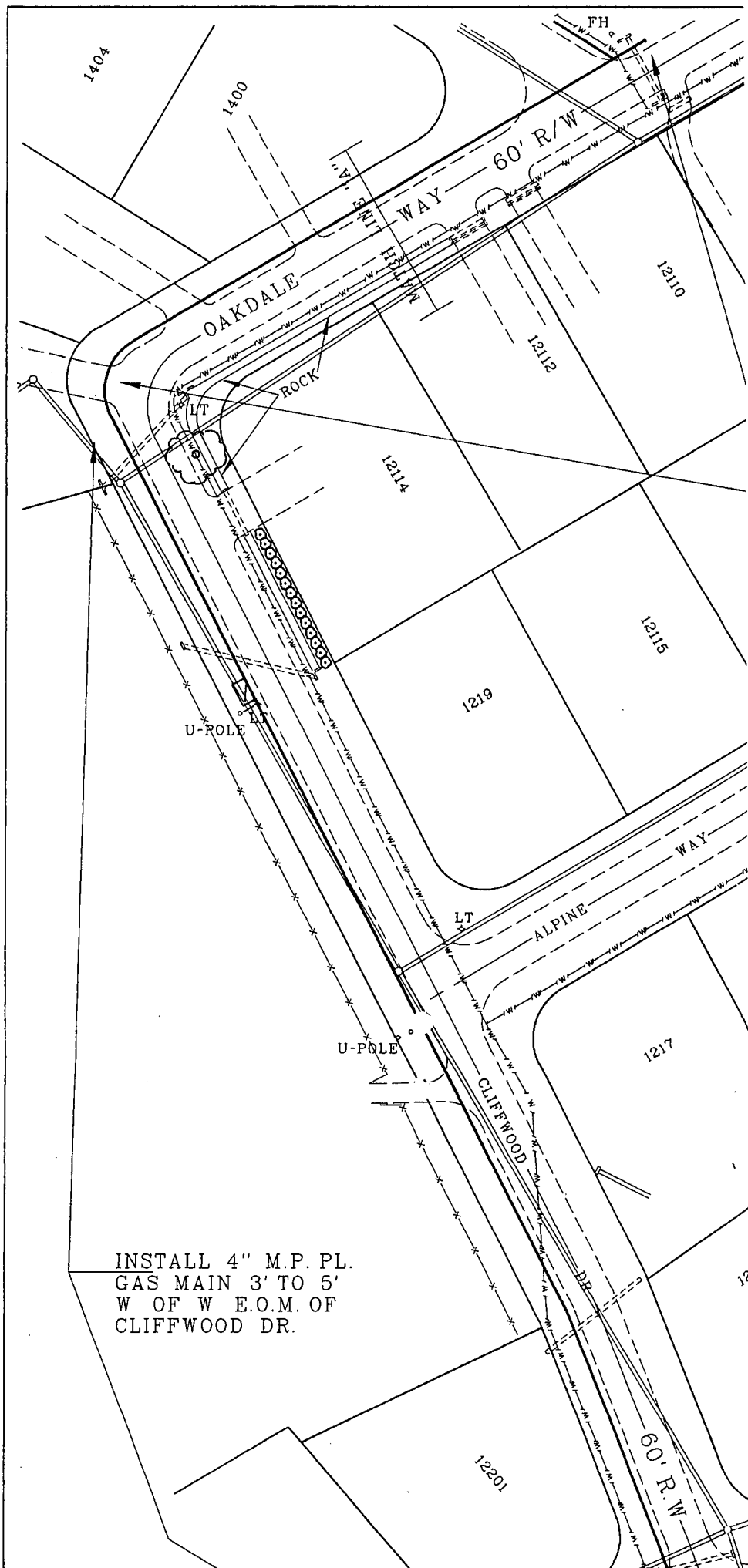
INSTALL 2" M.P. PL.

TIE-IN TO EX. 4' M.P. PL.
36' S OF N P/L 12135 BR
14' E OF W S/L BRIARGA
INSTALL
1-4" ELEC. FUSSION COUP
1-4" X 2" RED.

MEAD

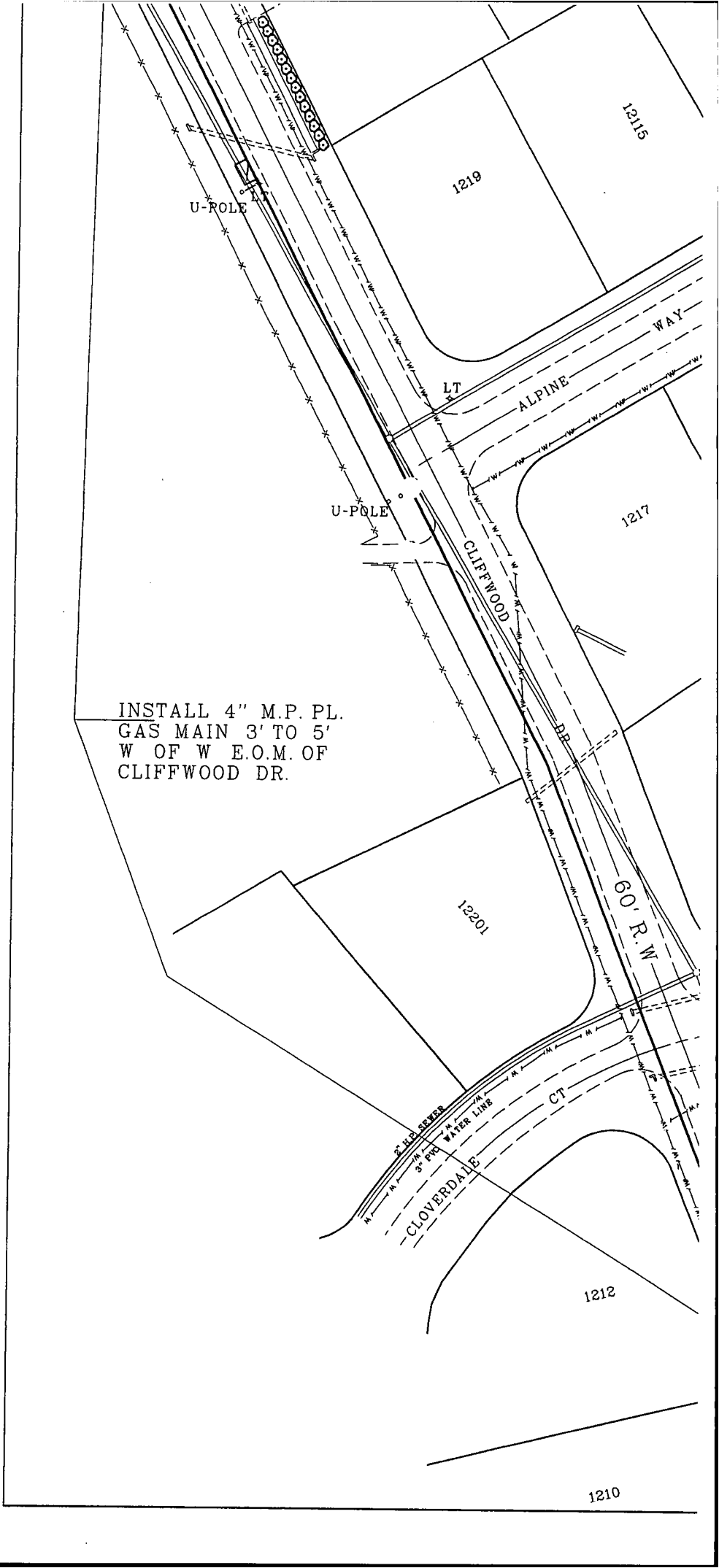
LEWOOD RD.

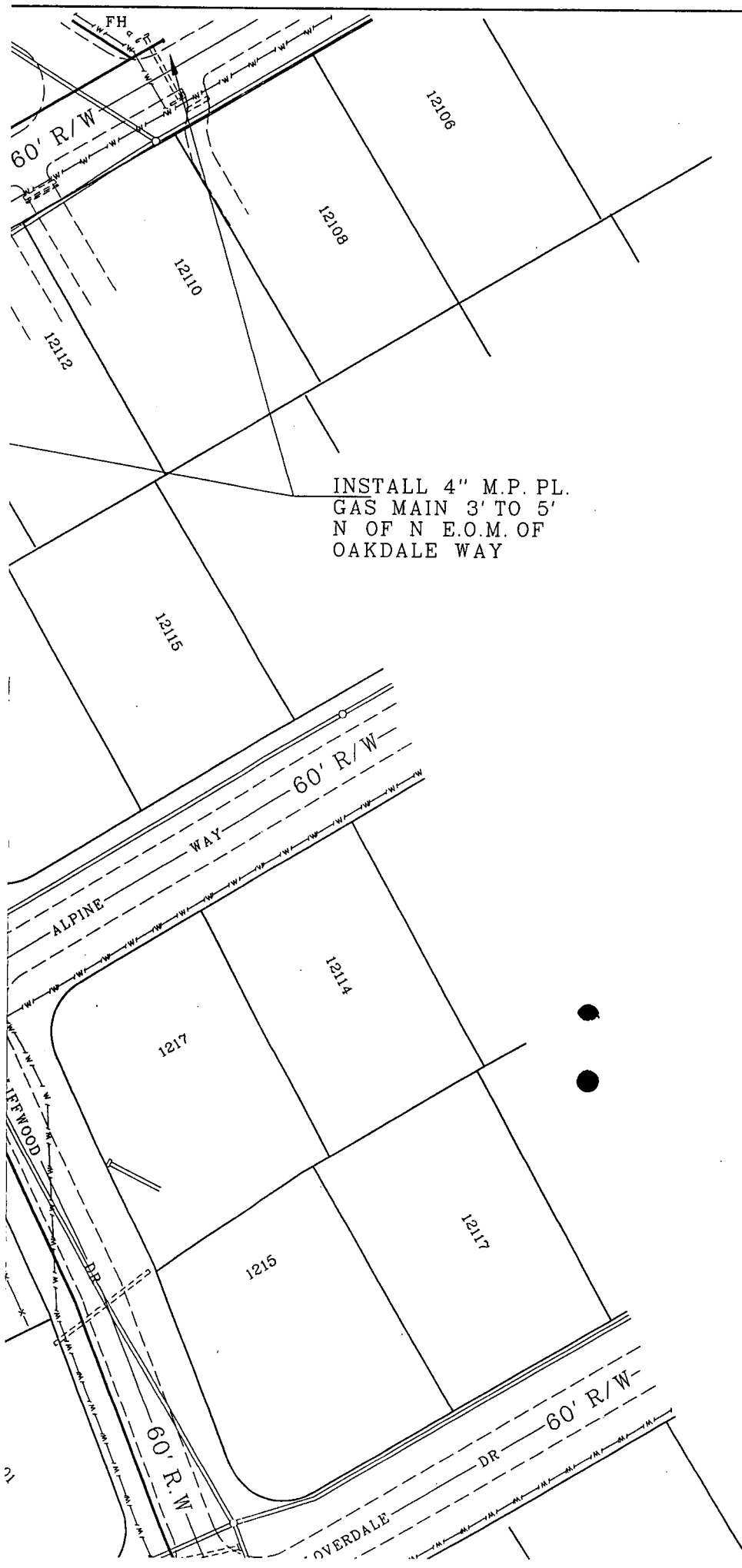




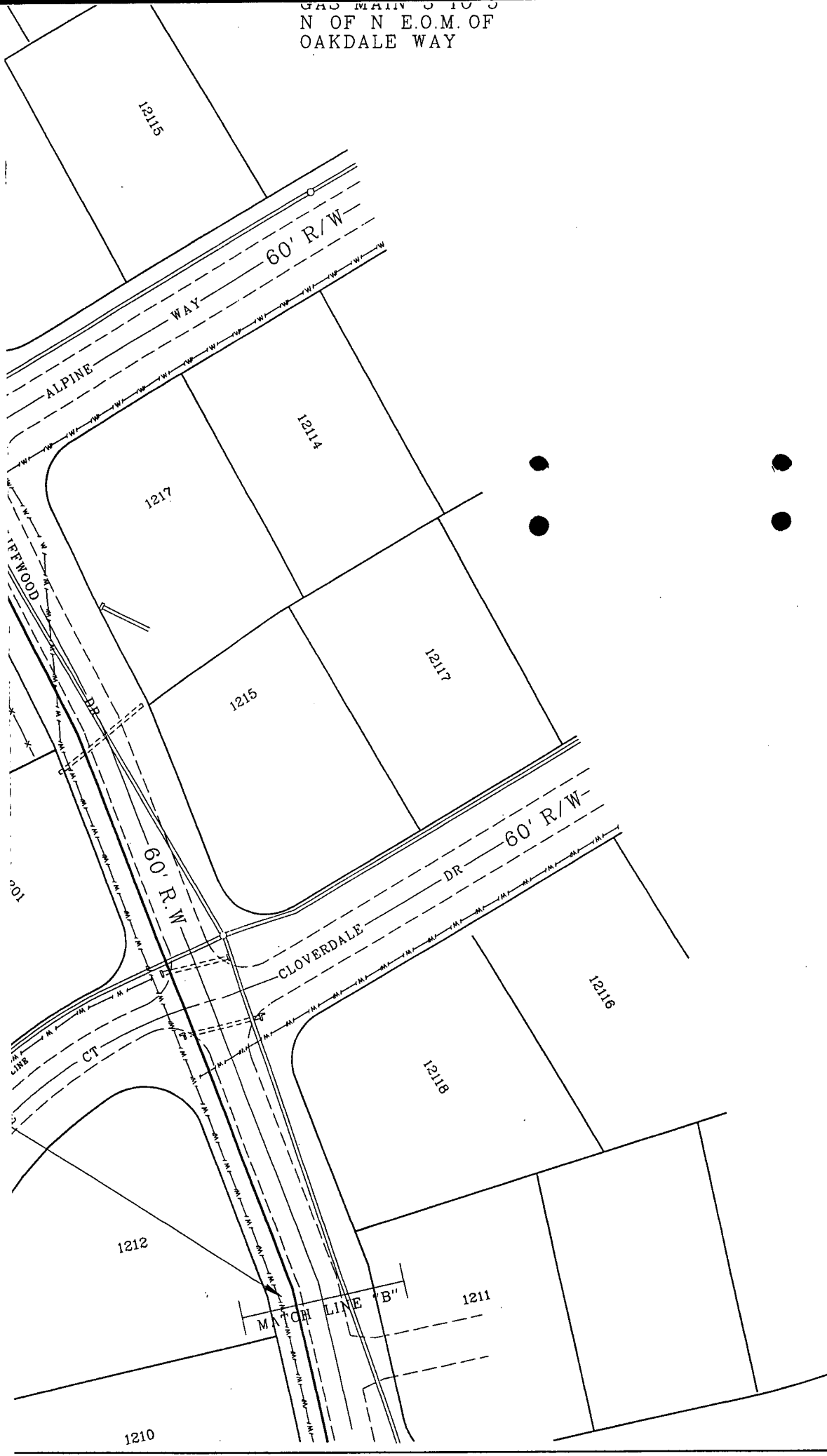
INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
W OF W E.O.M. OF
CLIFFWOOD DR.

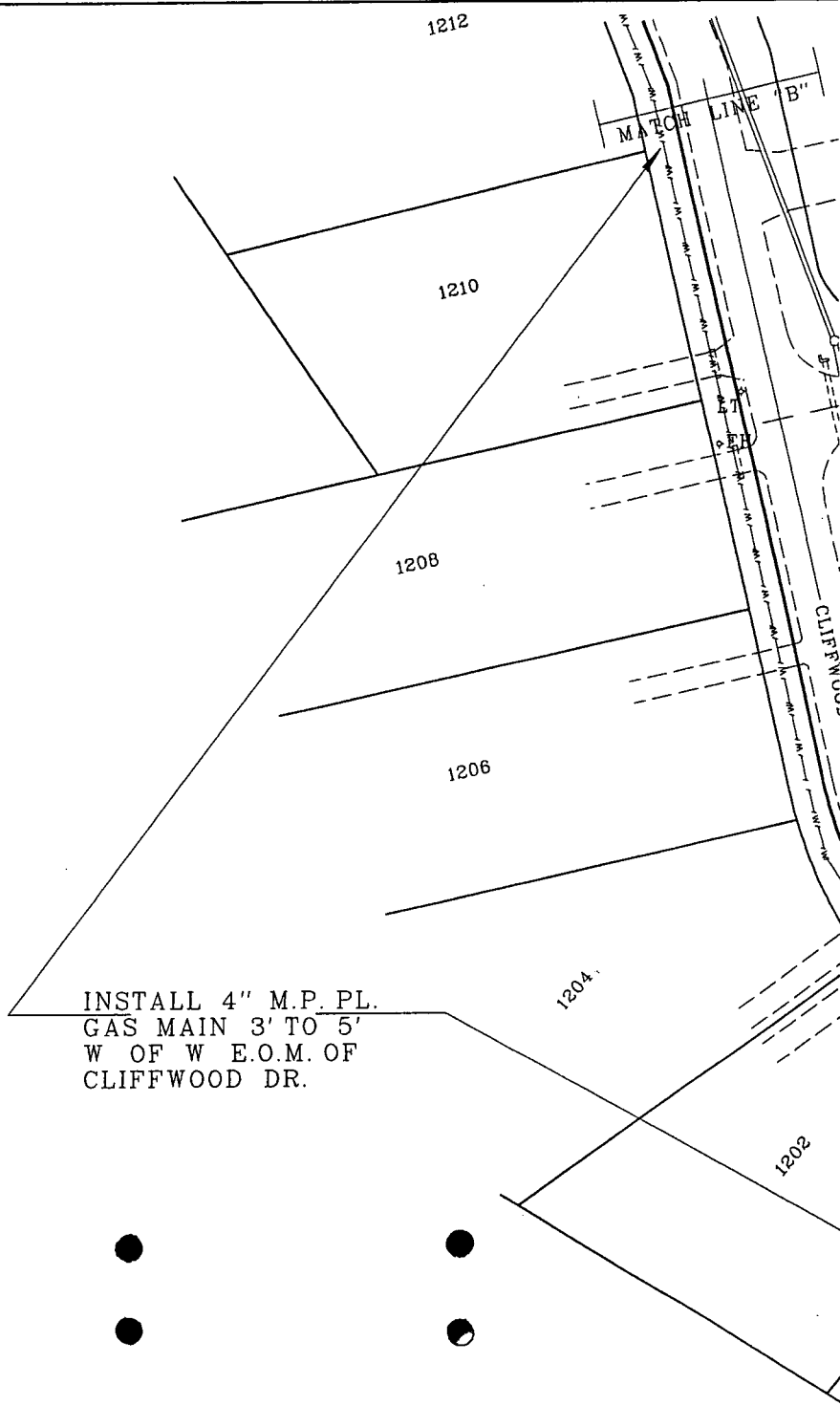
INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
W OF W E.O.M. OF
CLIFFWOOD DR.





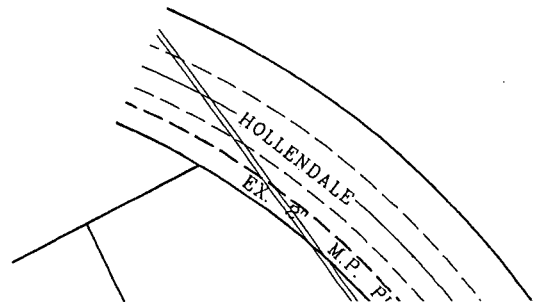
INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
N OF N E.O.M. OF
OAKDALE WAY





INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
W OF W E.O.M. OF
CLIFFWOOD DR.

INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
S OF S E.O.M. OF
VALLEY DR.



1206

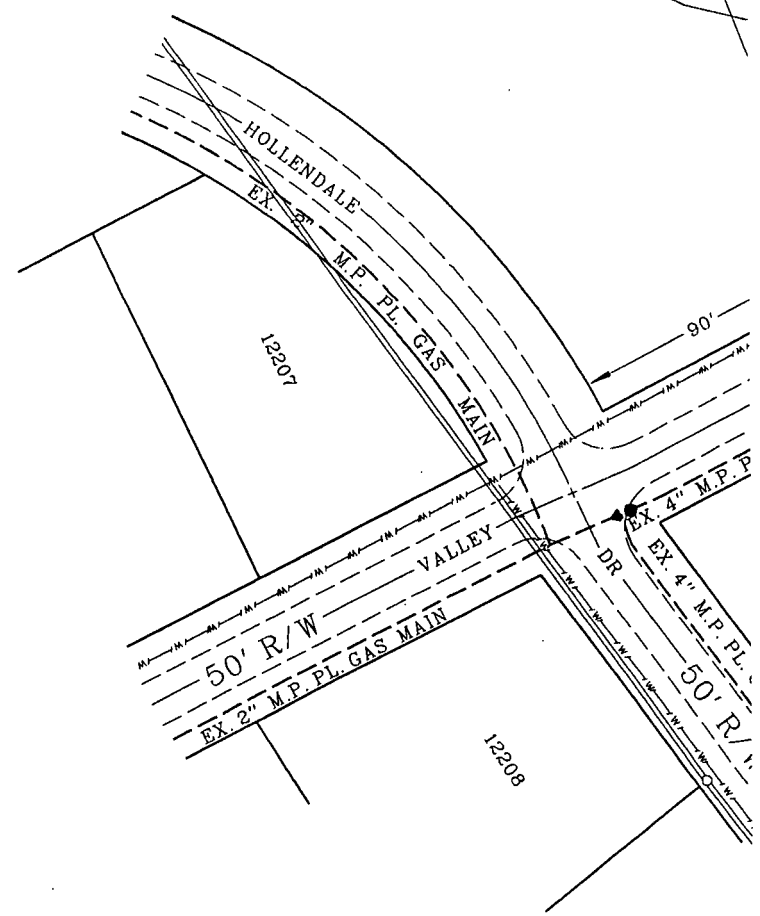
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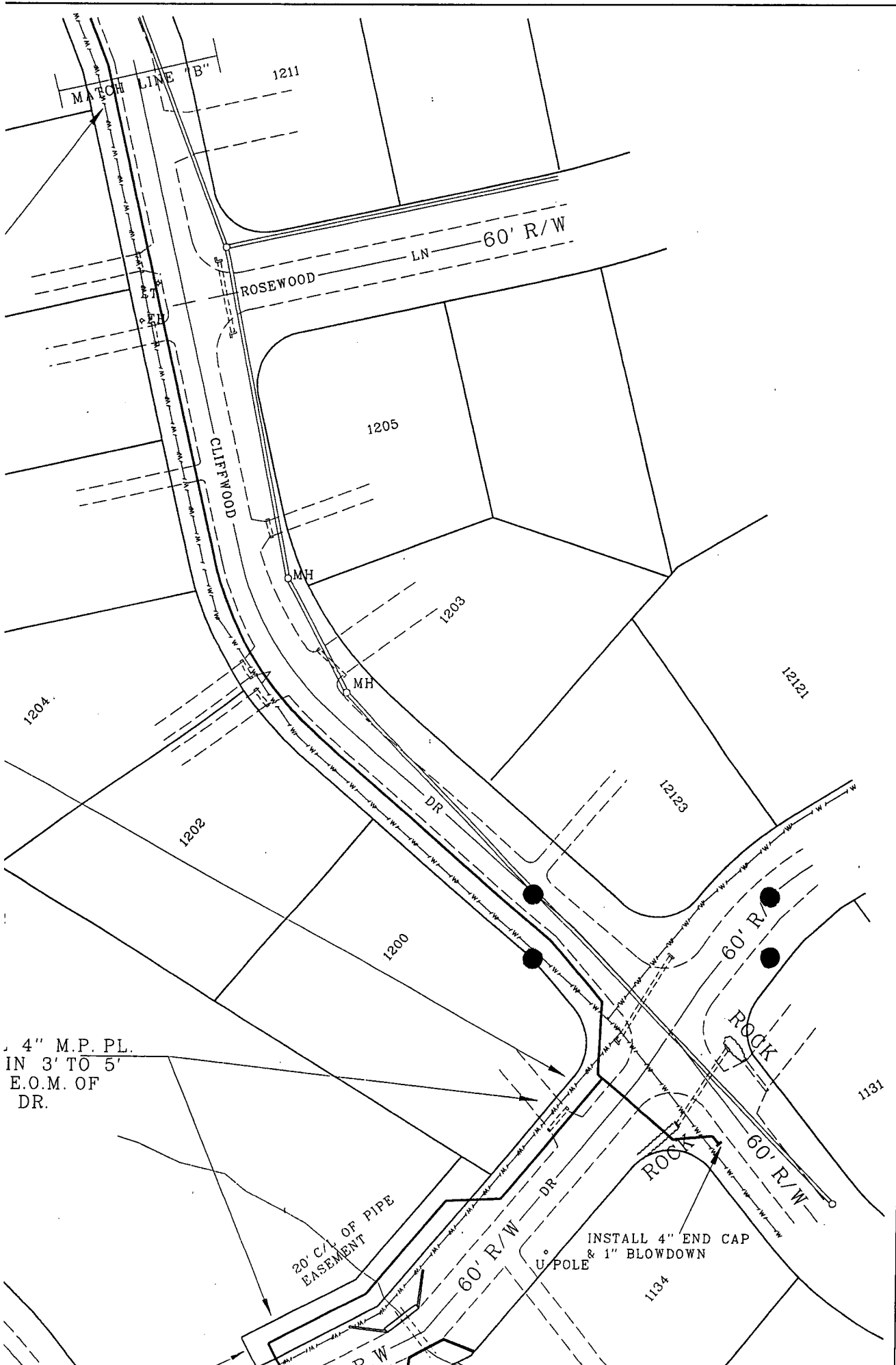
1202

INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
W OF W E.O.M. OF
CLIFFWOOD DR.



INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
S OF S E.O.M. OF
VALLEY DR.





4" M.P. PL.
IN 3' TO 5'
E.O.M. OF
DR.

20' C/L OF PIPE
EASEMENT

INSTALL 4" END CAP
& 1" BLOWDOWN
U POLE

1211

1205

1203

1204

1202

1200

12121

12123

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1134

MATCH LINE 'B'

ROSEWOOD LN

CLIFFWOOD

60' R/W

60' R/W

ROCK

60' R/W

60' R/W

60' R/W

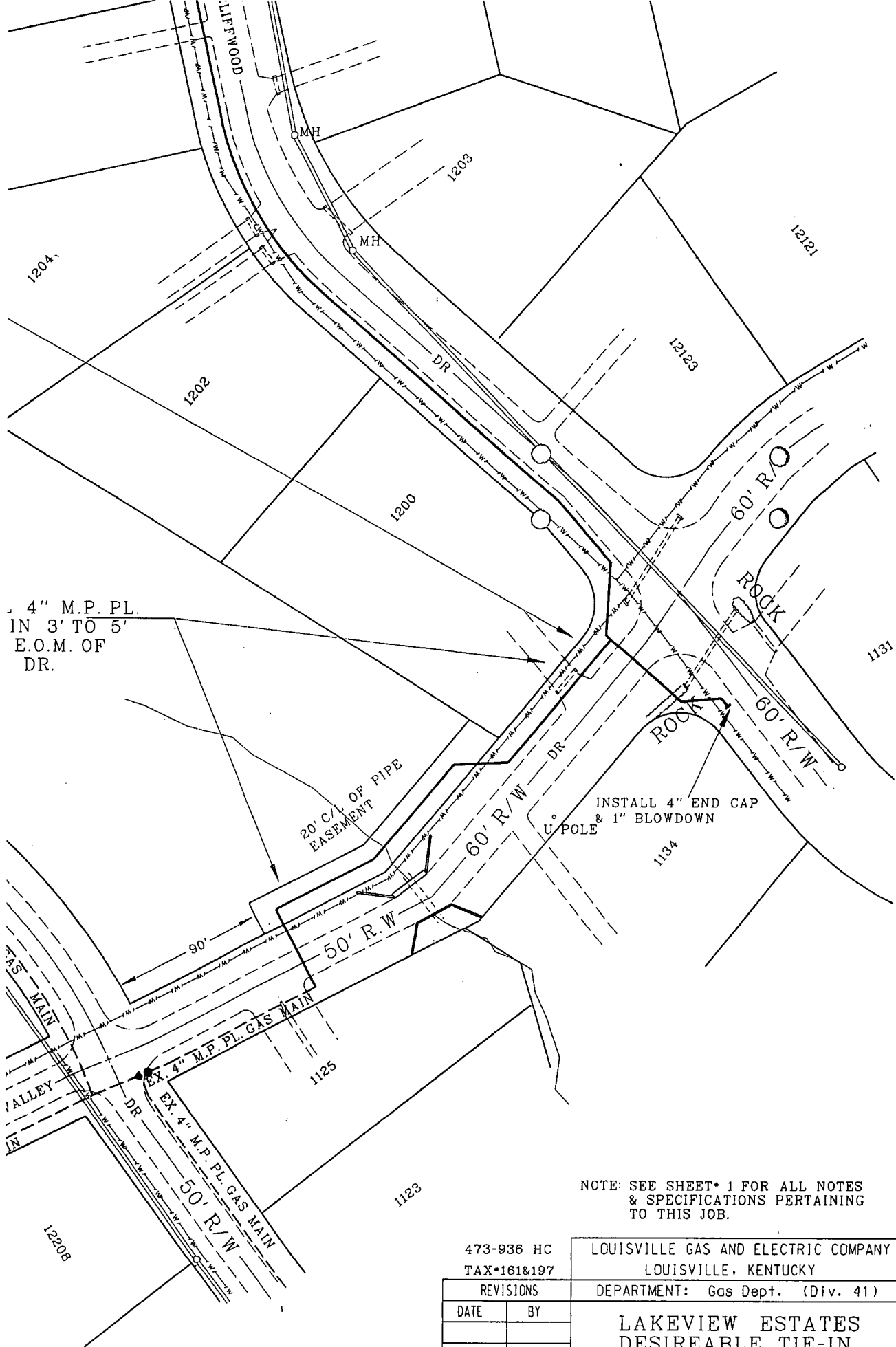
MH

MH

DR

DR

U POLE



4" M.P. PL.
IN 3' TO 5'
E.O.M. OF
DR.

20' C/O OF PIPE
EASEMENT

INSTALL 4" END CAP
& 1" BLOWDOWN

NOTE: SEE SHEET 1 FOR ALL NOTES
& SPECIFICATIONS PERTAINING
TO THIS JOB.

473-936 HC
TAX*161&197

LOUISVILLE GAS AND ELECTRIC COMPANY
LOUISVILLE, KENTUCKY

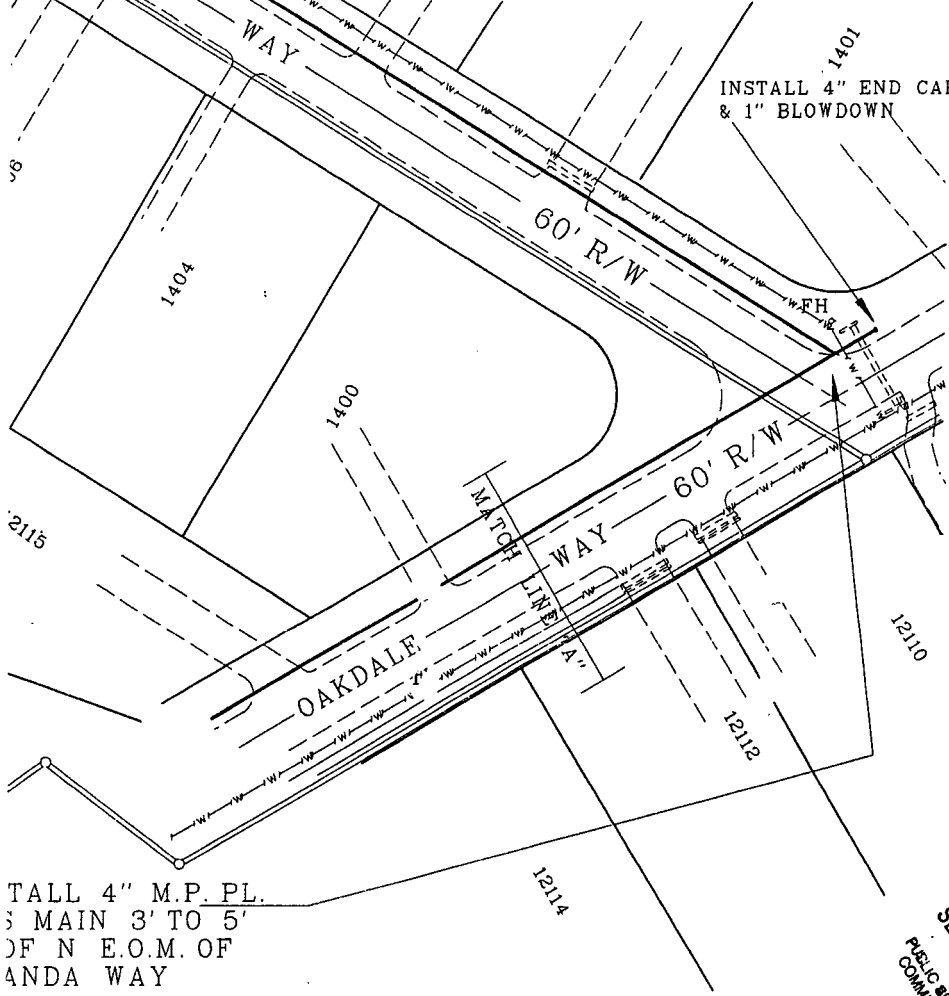
REVISIONS	
DATE	BY

DEPARTMENT: Gas Dept. (Div. 41)

**LAKEVIEW ESTATES
DESIREABLE TIE-IN**

SCALE 1"=50' DATE 12-30-97
DRAWN BY L. D. SCHAFFLEIN
APPROVED BY

D-14801
2 OF 2



INSTALL 4" END CAP
& 1" BLOWDOWN

TALL 4" M.P. PL.
3' MAIN 3' TO 5'
OF N.E.O.M. OF
ANDA WAY

RECEIVED
SEP 03 1999
PUBLIC SERVICE
COMMISSION

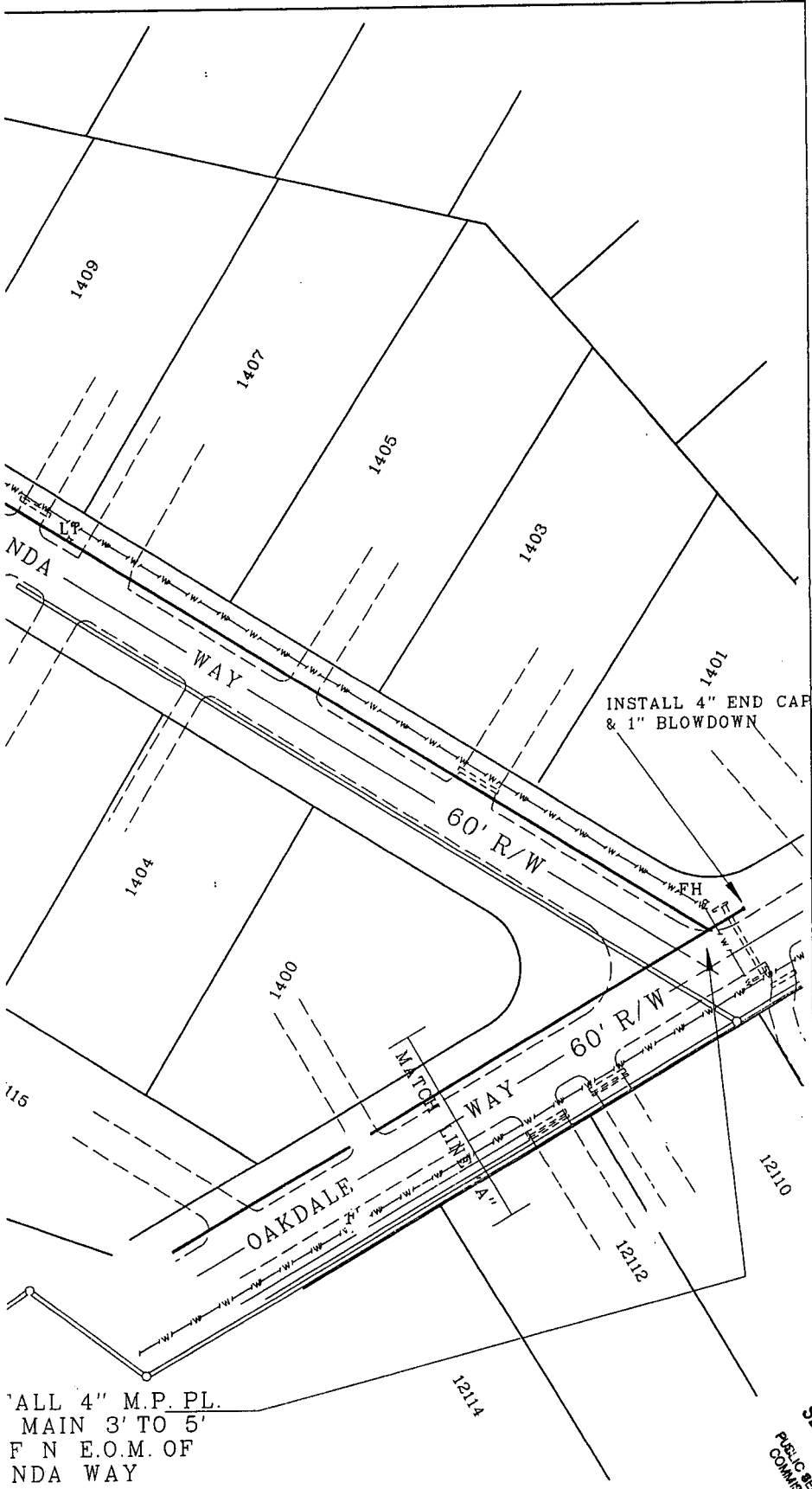
LAY

C.W.O. X37322A
4,300' OF 4" M.P.
PLASTIC GAS MAIN

CORP.

291025

473-936 HC TAX*161&197		LOUISVILLE GAS AND ELECTRIC COMPANY LOUISVILLE, KENTUCKY	
REVISIONS		DEPARTMENT: Gas Dept. (Div. 41)	
DATE	BY	LAKEVIEW ESTATES DESIREABLE TIE-IN	
SCALE 1"=50' DATE 12-30-97		D-14801 1 OF 2	
DRAWN BY L. D. SCHAFFLEIN			
APPROVED BY			

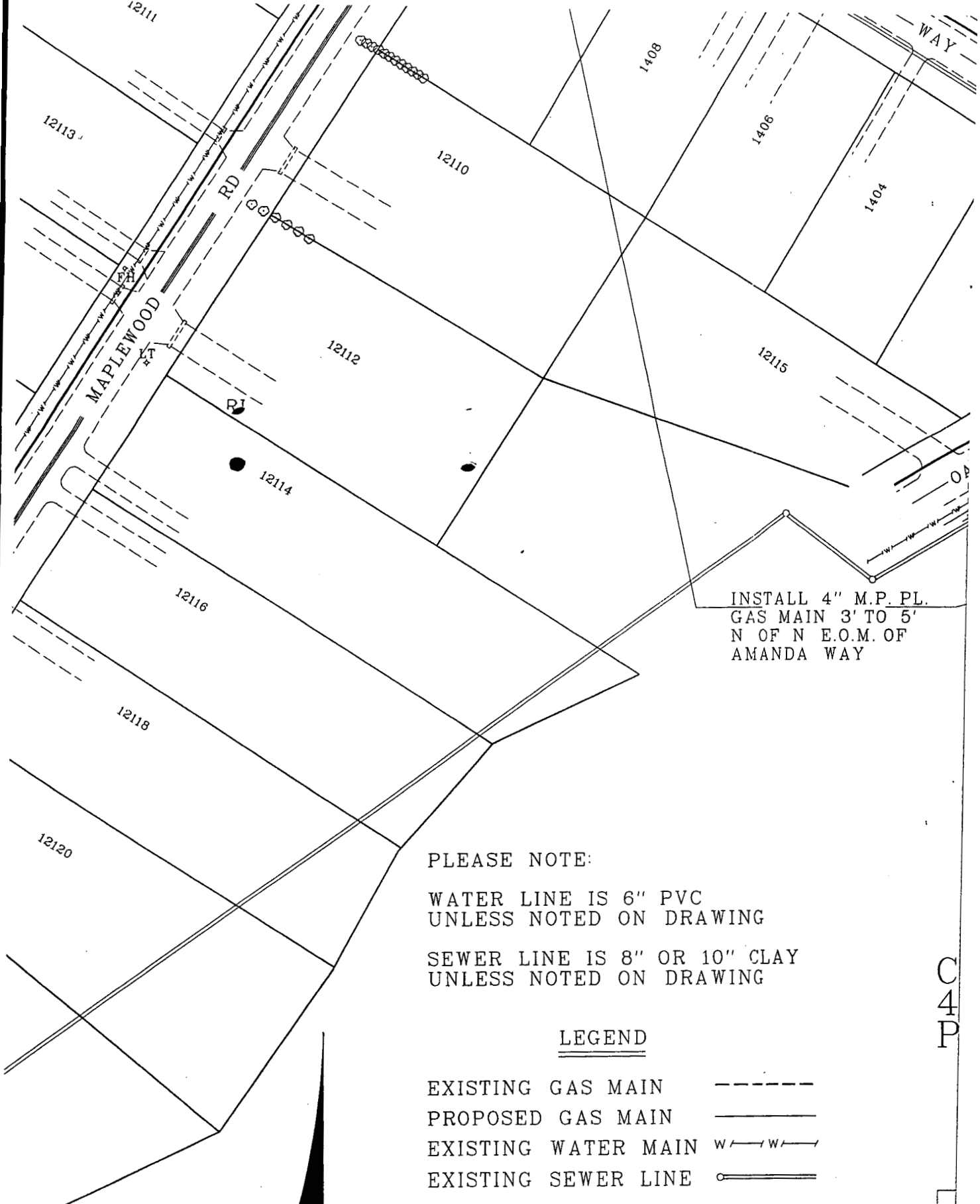


ALL 4" M.P. PL.
 MAIN 3' TO 5'
 F N E.O.M. OF
 NDA WAY

INSTALL 4" END CAP
 & 1" BLOWDOWN

RECEIVED
 SEP 03 1999
 PUBLIC SERVICE
 COMMISSION

15



INSTALL 4" M.P. PL.
 GAS MAIN 3' TO 5'
 N OF N E.O.M. OF
 AMANDA WAY

PLEASE NOTE:

WATER LINE IS 6" PVC
 UNLESS NOTED ON DRAWING

SEWER LINE IS 8" OR 10" CLAY
 UNLESS NOTED ON DRAWING

LEGEND

- EXISTING GAS MAIN - - - - -
- PROPOSED GAS MAIN ————
- EXISTING WATER MAIN w / w / w
- EXISTING SEWER LINE ○ ————



CONTRACTOR: HALL CONST. CORP.
 CONTRACT#: 97-149-041
 C.O.#: 211 G.W.O.#: 291025

C
4
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INSTALL 4" END CAP
& 1" BLOWDOWN

60' R/W

LT

AMANDA

WAY

12109

12107

12105

12102

1409

1407

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12108

1408

12113

RD

12110

1406

1404

MAPLEWOOD

12112

12115

RI

12114

OAK

12116

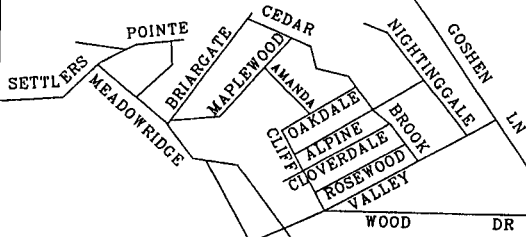
INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
N OF N E.O.M. OF
AMANDA WAY

12118

PLEASE NOTE:
WATER LINE IS 6" PVC

12120

LOCATION DRAWING
NO SCALE

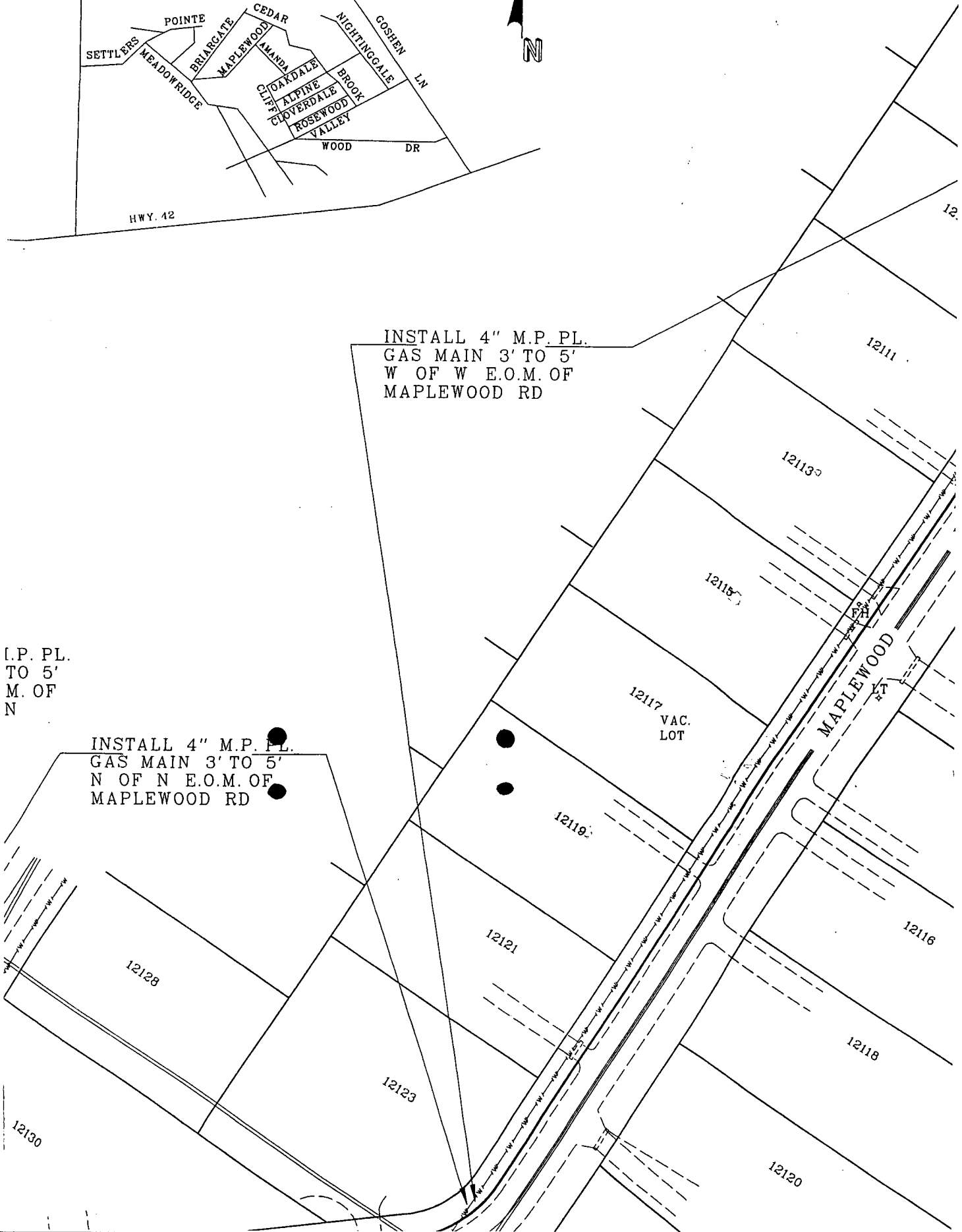


HWY. 42

INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
W OF W E.O.M. OF
MAPLEWOOD RD

I.P. PL.
TO 5'
M. OF
N

INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
N OF N E.O.M. OF
MAPLEWOOD RD



IN ACCORDANCE WITH THE CONTRACT
CONSTRUCTION SPECIFICATION
SHEET (GECS-100, Rev. 3/94)

AIR TEST @ 100 lbs.

BEFORE "U" DIG
CALL TOLL FREE
1-800-752-6007
FOR BURIED LINE/
CABLE LOCATIONS.

BORE ALL ROADS
& DRIVEWAYS

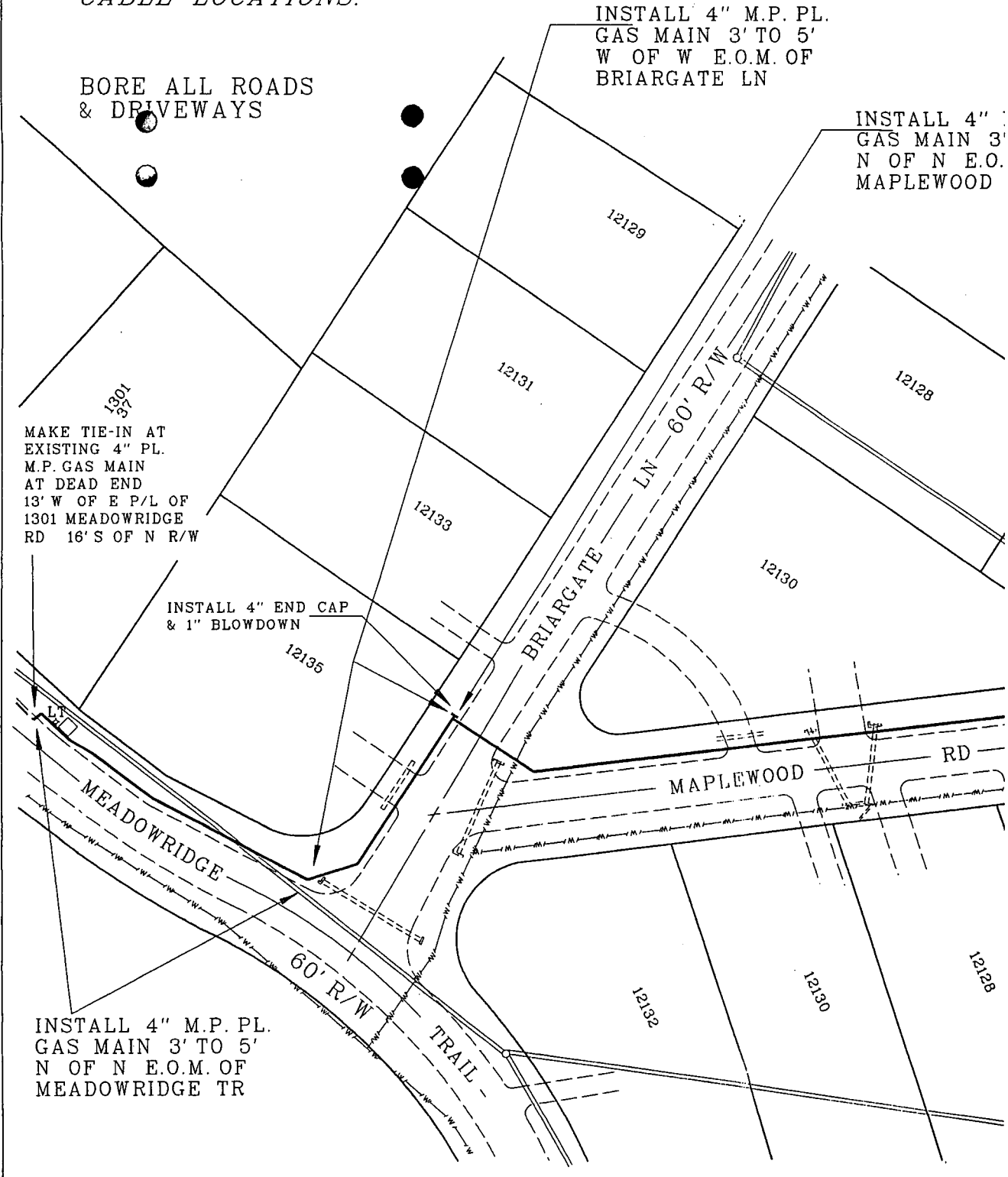
INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
W OF W E.O.M. OF
BRIARGATE LN

INSTALL 4" M.P. PL.
GAS MAIN 3'
N OF N E.O. OF
MAPLEWOOD

1301
37
MAKE TIE-IN AT
EXISTING 4" PL.
M.P. GAS MAIN
AT DEAD END
13' W OF E P/L OF
1301 MEADOWRIDGE
RD 16' S OF N R/W

INSTALL 4" END CAP
& 1" BLOWDOWN

INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
N OF N E.O.M. OF
MEADOWRIDGE TR



A TEST WIRE & A 9# ANODE SHALL
BE INSTALLED ON THE STEEL GAS
MAIN @ THE TIE-IN.

CONTRACTOR SHALL MAKE ALL TIE-INS
AND CUT OUTS; AND CONTRACTOR SHALL
RETURN TO JOB SITE AND MAKE ALL
FINAL CUT OUTS AND BACKFILL ALL
COMPLETED SERVICE CHANGE-OVER HOLES.

ALL DISTURBED LAWN AREAS TO BE
REPLACED WITH SOD.

ALL GAS PIPING TO BE INSTALLED
IN ACCORDANCE WITH THE CONTRACT
CONSTRUCTION SPECIFICATION
SHEET (GECS-100, Rev. 3/94)

AIR TEST @ 100 lbs.

BEFORE "U" DIG
CALL TOLL FREE
1-800-752-6007
FOR BURIED LINE/
CABLE LOCATIONS.

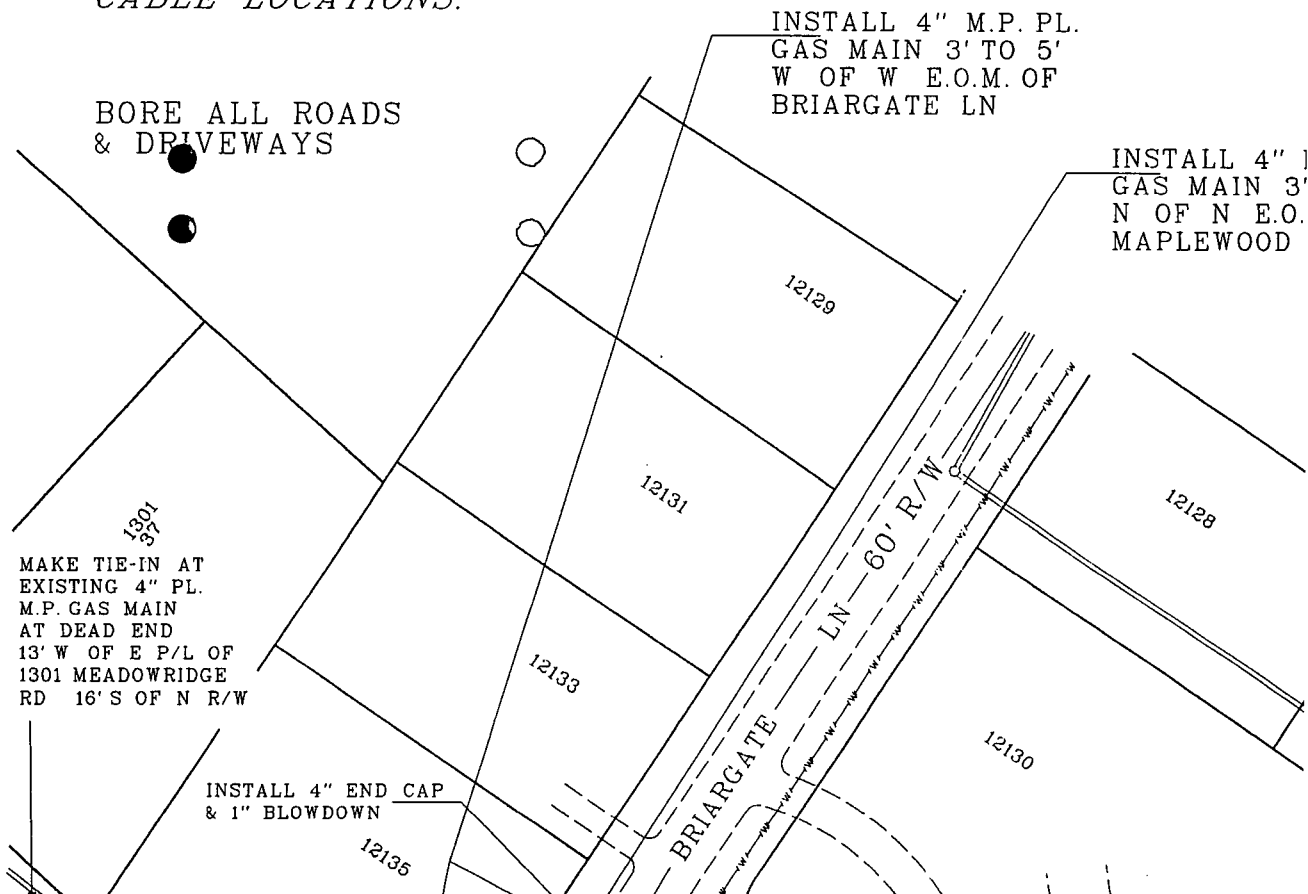
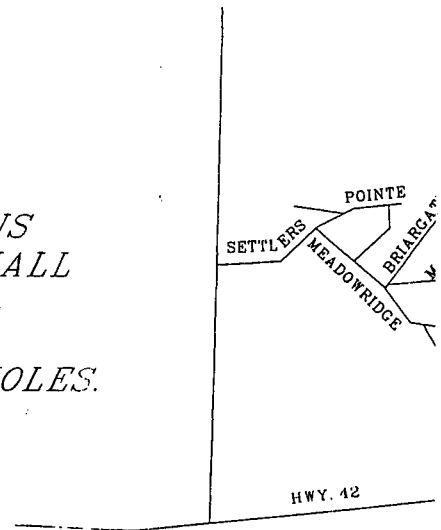
BORE ALL ROADS
& DRIVEWAYS

INSTALL 4" M.P. PL.
GAS MAIN 3' TO 5'
W OF W E.O.M. OF
BRIARGATE LN

INSTALL 4" |
GAS MAIN 3'
N OF N E.O.
MAPLEWOOD

1301
37
MAKE TIE-IN AT
EXISTING 4" PL.
M.P. GAS MAIN
AT DEAD END
13' W OF E P/L OF
1301 MEADOWRIDGE
RD 16' S OF N R/W

INSTALL 4" END CAP
& 1" BLOWDOWN



ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION

ATTORNEYS

1200 ONE RIVERFRONT PLAZA
LOUISVILLE, KENTUCKY 40202

ROBERT L. ACKERSON
EUGENE L. MOSLEY
ROBERT M. YANN
JOHN T. MILLER
JOHN G. CARROLL
W. WAVERLEY TOWNES
JEFFREY C. SAUER *
WILLIAM J. COOPER, JR.
VICTOR L. BALTZELL, JR.
EDWARD L. GALLOWAY
DAVID B. BLANDFORD
LARRY C. ETHRIDGE
W. DAVID KISER
H. EDWIN BORNSTEIN
THOMAS D. MURPHY II
LYNN F. HENDON
JOHN F. MENEFFEE
LORI A. ACKERSON
ANNE COURTNEY COORSSEN **
DANIEL M. WALTER

TELEPHONE: (502) 583-7400
FAX: (502) 589-4168
VOICE MAIL: (502) 587-5507

September 3, 1999

RECEIVED
SEP 07 1999
PUBLIC SERVICE
COMMISSION

BROWNSBORO ROAD BRANCH:
6520 GLENRIDGE PARK PLACE
SUITE NO. EIGHT
LOUISVILLE, KENTUCKY 40222
TELEPHONE: (502) 425-5598

INDIANA BRANCH OFFICE:
411 WATT STREET
JEFFERSONVILLE, INDIANA 47130
TELEPHONE: (812) 288-0627

E-MAIL ADDRESS:
LAW1200@aol.com

* Also Admitted in Indiana
** Also Admitted in Wisconsin

Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40601

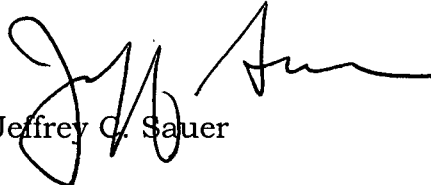
**Re: Goshen Utilities, Inc.
Response to Commission Order
Case No. 99-042**

Dear Ms. Helton:

On behalf of Goshen Utilities, Inc., I am enclosing an original and ten copies of the Plan for Joint Inspections submitted by Goshen Utilities, Inc. in response to Commission Order dated August 24, 1999. If any additional information is required, please so advise and we will promptly provide same.

I am also sending a copy of this letter and the Plan for Joint Inspection via FAX to 502-564-7279 this afternoon. Thank you.

Very truly yours,


Jeffrey C. Sauer

Enclosures

cc: Mr. Lloyd Eades, w/ encl.
Mr. Douglas M. Brooks, w/ encl.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
SEP 07 1999
PUBLIC SERVICE
COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
and)
GOSHEN UTILITIES, INC.)

CASE NO. 99-042

INVESTIGATION INTO ALLEGED UNSAFE)
UTILITY PRACTICES)

PLAN FOR JOINT INSPECTION
SUBMITTED BY
GOSHEN UTILITIES, INC.

In accordance with Commission Order dated August 24, 1999 ("Order"), Goshen Utilities, Inc. ("Goshen") submits the following plan for joint inspection of the 31 potentially affected residents in Lakeview Subdivision of Oldham County:

1. For purposes of this joint inspection plan, the parties will use the detailed map recently filed by LG&E with the Commission showing the 31 residents whose sewer lines may be potentially affected by the LG&E gas main construction activities in the area.

2. The joint inspection plan set forth below is subdivided into two alternate plans. Plan A is the preferred plan, and involves joint inspection of the 31 potentially affected residences by means of a portable video camera which the parties believe will allow the inspection of the sewer lines with minimal digging and/or inconvenience to the home owners. If the parties determine that an inspection is not feasible using a portable

video camera for any reason, then the inspection methods set forth in Plan B will be instituted for the 31 potentially affected residences.

Plan A

3. The parties will jointly hire a qualified contractor to provide a portable video camera for the inspection of the sewer lines of the 31 potentially affected residences.

4. The video inspections of the sewer lines will proceed on an expedited basis during the 30 day inspection period required by the Commission, unless: (a) the parties determine that the video camera is unable to adequately access the sewer lines of the residences or is otherwise unable to make a sufficient determination of the integrity of the sewer lines, or (b) the parties are unable to retain and schedule a qualified video camera contractor during the 30 day inspection period required by the Commission, or (c) the cost of a qualified video camera contractor is excessive (i.e., more than \$8,000).

5. The parties have agreed to share equally the cost of the video camera inspection.

6. If the video camera is unable to access any particular residence for any reason, the parties will make a joint decision at that time concerning the most practical and reasonable manner in which to verify the integrity of the sewer line for that residence. The parties may resort to an inspection method set forth in "Plan B" below, with respect to the residence in question.

7. In the event that it shall become necessary to unearth a sewer line and gas line intersection, LG&E will be responsible for digging activities.

8. If the sewer line has been damaged as a result of LG&E's use of directional boring, LG&E will repair the damage at its cost.

Plan B

9. In the event that the portable video camera cannot be used for any of the reasons set forth in paragraph 4 above, then the parties will conduct the inspections of the 31 potentially affected residences using Plan B.

10. Under Plan B, Goshen will promptly contact the 31 potentially affected residents in an effort to arrange access to the residences at a reasonably convenient time.

A "reasonably convenient time" means any time acceptable to the property owner on Monday through Friday from 7:00 a.m. to 7:00 p.m., or any time on Saturday from 9:00 a.m. to 3:00 p.m.

11. Goshen shall regularly communicate with LG&E (or its designated contractor) concerning the access schedule of the residents, and will in any case will provide at least 24 hours advance notice of a scheduled access time for a residence.

12. At the scheduled access time, Goshen will enter the residence with the permission of the property owner, and will attempt to manually insert a metallic tracer wire into the sewer line servicing the residence. The metallic tracer wire will be used to locate the sewer line for such residence ("Primary Location Method").

13. Based on the Primary Location Method, LG&E will unearth the intersection of the sewer line and the gas line for the potentially affected residence. LG&E and Goshen will jointly inspect the unearthed sewer line and gas line to verify that no damage has occurred to either line. If damage has occurred to either line, LG&E will repair the damage at its cost.

14. If access cannot be scheduled for any particular residence, or if access is scheduled but the property owner is not available at the scheduled time or refuses to allow Goshen access to the residence, or if upon access to a residence it is discovered

that a metallic tracer wire cannot practically be inserted into the sewer line for that residence because the area where the sewer line is located is covered with drywall or otherwise not reasonably accessible, then in any of those circumstances, Goshen will use best efforts to locate its sewer line for that residence using its field location records, its present underground pipe location equipment, and its personnel most familiar with the sewer lines in the Lakeview subdivision ("Alternate Location Methods").

15. Based on the Alternate Location Methods, the parties will jointly locate the intersection of the sewer line and the gas line of such residence.

16. LG&E will be responsible for all digging activities involved with locating the intersection of the utility lines.

17. LG&E and Goshen will jointly inspect the sewer line and gas line to verify that no damage has occurred to either line. If damage has occurred to either line, LG&E will repair the damage at its cost.

Report to Commission

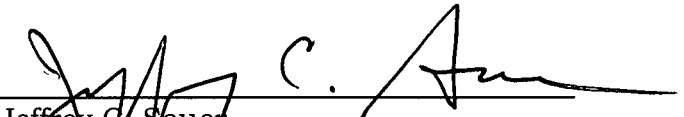
18. The joint inspections of the 31 potentially affected residences will be completed within 30 days from the date of this plan.

19. Promptly after the completion of the joint inspections, the parties will file an inspection report with the Commission.

Request for Extension

20. In its Order, the Commission requires that the parties complete their joint inspection of the potentially affected residences within 30 days of submission of their plan to the Commission. The required completion date is October 4, 1999. Goshen Utilities joins with LG&E to request that such completion date be extended to October 15, 1999.

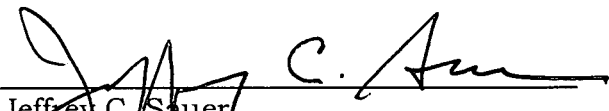
Respectfully submitted,


Jeffrey C. Sauer
Ackerson, Mosley & Yann, P.S.C.
1200 One Riverfront Plaza
Louisville, Kentucky 40202
502 589 4130

Counsel for Goshen Utilities, Inc.

Certificate

A copy of the within Plan for Joint Inspection submitted by Goshen Utilities, Inc. was mailed to Douglas M. Brooks, Louisville Gas and Electric Company, 220 West Main Street, Louisville, Kentucky 40232 on this 3rd day of September, 1999.


Jeffrey C. Sauer

ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION

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October 22, 1999

RECEIVED

OCT 25 1999

PUBLIC SERVICE
COMMISSION

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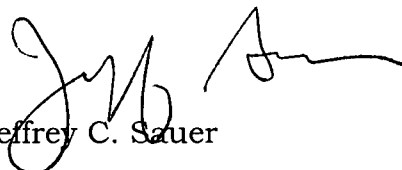
Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40601

**Re: Goshen Utilities, Inc.
Response to Commission Order
Case No. 99-042**

Dear Ms. Helton:

To follow-up on our earlier report to the Commission concerning the status of the joint inspection of potentially affected residences in the Lakeview Subdivision, this is to advise that the sewer lines of all such residences have now been inspected. The inspection revealed one additional instance where a gas line had pierced a gravity fed sewer line. LG&E is presently making the necessary repairs, which should be completed shortly.

Very truly yours,


Jeffrey C. Sauer

JCS/

cc: Mr. Lloyd Eades, via FAX: 228-6745
Mr. Douglas M. Brooks, via FAX: 627-3367

ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION

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October 25, 1999

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Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40601

Via FAX: 502-564-7279


**Re: Goshen Utilities, Inc.
Response to Commission Order
Case No. 99-042**

Dear Ms. Helton:

The above-referenced Commission Order requires Goshen Utilities to file a written plan for locating and mapping its existing sewer facilities within 60 days of the date of the Order. Goshen Utilities respectfully requests an extension to November 10, 1999 in order to file such plan.

As previously reported to the Commission, LG&E and Goshen Utilities completed the joint inspections of the potentially affected residences in the Lakeview Subdivision last week. Goshen Utilities requests the additional time in order that it may more fully evaluate the recently completed video camera inspections, and complete the proposed mapping plan.

Very truly yours,


Jeffrey C. Sauer

JCS/

cc: Mr. Lloyd Eades, via FAX: 228-6745
Mr. Douglas M. Brooks, via FAX: 627-3367



Law Department

October 15, 1999

Louisville Gas and Electric Company
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232
502-627-3450
502-627-3367 FAX

Helen Helton
Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

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OCT 18 1999
KENTUCKY PUBLIC SERVICE
COMMISSION

Re: **Louisville Gas and Electric Company and Goshen Utilities, Inc.**
Case No. 99-042

Dear Ms. Helton:

I have received a copy of the letter Jeffrey Sauer of the Ackerson, Mosely & Yann firm has telefaxed to you today regarding the progress of the inspections required by the Commission's Order of August 24, 1999 in this case. Mr. Sauer's letter accurately reflects the status of the inspections. LG&E and Goshen Utilities will provide the Commission with an updated report when the inspections are completed.

A copy of this letter has been sent to Mr. Sauer, counsel for Goshen Utilities, Inc. and to Staff counsel, Mr. Wuetcher.

Thank you for your courtesies in this matter. Please contact the undersigned if you have any questions.

Sincerely yours,

Douglas M. Brooks
Senior Counsel Specialist, Regulatory
(502) 627-2557

cc (via fax): Jeffrey Sauer, Esq.
Jerry Wuetcher, Esq.

A SUBSIDIARY OF

LG&ENERGY

ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION

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October 15, 1999

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OCT 15 1999
PUBLIC SERVICE
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Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40601

**Re: Goshen Utilities, Inc.
Response to Commission Order
Case No. 99-042**

Dear Ms. Helton:

In response to Commission Order dated August 24, 1999, this is to report that Louisville Gas and Electric Company and Goshen Utilities have jointly hired Miller Pipeline Company to provide inspection services via a remote video camera of the sewer lines for the potentially affected residences in the Lakeview Subdivision. The inspection activities commenced on Wednesday, October 13, 1999, and continued Thursday and today. Representatives of the Public Service Commission were onsite Wednesday and Thursday. As of this writing, 10 of the sewer lines of the potentially affected residences have been inspected. No damage to the sewer lines inspected has been observed thus far. The parties expect that the inspections will be completed in the near future, and a supplemental report to the Commission will be made at that time.

Goshen Utilities is contemporaneously recording the location of each of the sewer lines inspected on its field records for future reference.

Very truly yours,



Jeffrey C. Bauer

JCS/

cc: Mr. Lloyd Eades, via FAX: 228-6745
Mr. Douglas M. Brooks, via FAX: 627-3367
Public Service Commission, via FAX: 502-564-7279



Law Department

Louisville Gas and Electric Company
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232
502-627-3460
502-627-3367 FAX

September 3, 1999

Ms. Helen Helton
Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

RECEIVED
SEP 03 1999
PUBLIC SERVICE
COMMISSION

Re: Louisville Gas and Electric Company and Goshen Utilities, Inc.
Case No. 99-042

Dear Ms. Helton:

Pursuant to your August 24, 1999 Order in the above referenced case, maps and a list detailing all of the parties affected by the Order are attached.

Additionally, with regard to plans for joint inspections, please be advised the parties will conduct a camera inspection of the appropriate sewer mains and laterals to each of the 31 potentially affected premises. The inspection will determine if there is any intrusion of the sewer system by the directionally drilled gas main installation. The cost of the inspection would be borne equally by LG&E and Goshen Utilities. The following target dates are set to complete the inspection:

- September 10 Request bids from identified qualified camera inspection contractors.
- September 30 Select contractor to complete the inspection.
- October 15 Inspection to be complete. Any needed corrections to be completed within 24 hours following identification.

Should you have questions, please feel free to call me. Your cooperation is appreciated.

Sincerely,

Ken Mudd

cc: Doug Brooks (w/o attachments)
Greg Ferguson (w/o attachments)
James W. Rush (w/o attachments)
Jeff Sauer (w/o attachments)

n:\mudd\misc\goshen letter.doc

1a. RESIDENTS POTENTIALLY AFFECTED BY THE MAIN EXTENSION

- Each resident has been highlighted in blue on the attached map.
- The yellow ring highlight indicates a repair was made.

<u>LAKEVIEW ESTATES</u>	STATUS	COMMENTS
12102 Maplewood Rd.	To be inspected	
12105 Maplewood Rd.	To be inspected	
12107 Maplewood Rd.	To be inspected	
12109 Maplewood Rd.	To be inspected	
12111 Maplewood Rd.	To be inspected	
12113 Maplewood Rd.	To be inspected	
12115 Maplewood Rd.	To be inspected	
12119 Maplewood Rd.	To be inspected	
12121 Maplewood Rd.	To be inspected	
12123 Maplewood Rd.	To be inspected	
1201 Amanda Way	To be inspected	
1403 Amanda Way	To be inspected	
1405 Amanda Way	To be inspected	
1407 Amanda Way	Repair Made	Please note: One sewer tap covered two residents.
1409 Amanda Way	Repair Made	
1200 Cliffwood Dr.	Repair Made	
1202 Cliffwood Dr.	To be inspected	
1204 Cliffwood Dr.	To be inspected	
1206 Cliffwood Dr.	Repair Made	
1208 Cliffwood Dr.	To be inspected	
1210 Cliffwood Dr.	To be inspected	
1212 Cliffwood Dr.	To be inspected	
1219 Cliffwood Dr.	To be inspected	
12135 Briargate Lane	To be inspected	
Lakeview Estates Section 1		
12103 Briargate Lane	To be inspected	
12105 Briargate Lane	To be inspected	
12107 Briargate Lane	To be inspected	
12109 Briargate Lane	To be inspected	
12111 Briargate Lane	Repair Made	
12113 Briargate Lane	To be inspected	
12115 Briargate Lane	To be inspected	
12117 Briargate Lane	To be inspected	

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 SEP 03 1999
 PUBLIC SERVICE
 COMMISSION

12119 Briargate Lane	To be inspected	
12121 Briargate Lane	To be inspected	



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

February 9, 1999

Greg Ferguson
Regulatory Affairs Coordinator
Louisville Gas and Electric Company
P. O. Box 32010
Louisville, KY. 40232 2010

Annemarie Beach
Administrative Manager
Goshen Utilities, Inc.
1001 Riverside Drive
P. O. Box 36
Goshen, KY. 40026

RE: Case No. 99-042

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
and)
GOSHEN UTILITIES, INC.)
_____) CASE NO. 99-042
INVESTIGATION INTO ALLEGED UNSAFE)
UTILITY PRACTICES)

ORDER

Louisville Gas and Electric Company ("LG&E") is a Kentucky corporation that owns, operates, and manages facilities used for the storage, sale, and distribution of natural and manufactured gas to the public for compensation, and is therefore a utility subject to Commission jurisdiction. KRS 278.010(3)(b); KRS 278.040.

Goshen Utilities, Inc. ("Goshen Utilities") is a Kentucky corporation that owns, operates, and manages facilities, which are not located in a county containing a city of the first class, for the treatment of sewage for the public for compensation, and is therefore a utility subject to Commission jurisdiction. KRS 278.010(3)(f); KRS 278.040.

Commission Staff has furnished the Commission with correspondence between LG&E, Goshen Utilities, and Commission Staff, copies of which are appended hereto as Exhibits 1 through 6, and has made the following allegations:

1. On or about February 1, 1998, LG&E began extending its gas service mains into the Lakeview Subdivision of Oldham County, Kentucky. During February

1998 using directional boring,¹ LG&E extended its gas mains through approximately 25 properties in the Lakeview Subdivision.

2. On or about March 1, 1998, three customers of Goshen Utilities who reside in the Lakeview Subdivision complained of sewage stoppages. Goshen Utilities investigated and determined that the customers' sewage lines were blocked by the newly installed gas mains. When installing its gas mains, LG&E or its agents had apparently bored into or through some of Goshen Utilities' gravity fed sewer lines. Such action, if uncorrected, poses a safety hazard.

3. Between March and November 1998, LG&E and Goshen Utilities engaged in discussions to resolve their dispute over responsibility for locating existing sewer facilities within Goshen Utilities' service area and LG&E's continued use of directional boring for gas main extensions in that area. While apparently conceding that inspection of gas main installations was necessary to ensure that no safety problems existed, no agreement was reached on how such inspections would be performed or who bore responsibility for such inspections.

4. As part of those discussions, representatives of each utility met with Commission Staff on June 16, 1998. As a result of those discussions, Commission Staff requested that the utilities jointly determine the location of the affected customers' sewer lines and closely inspect the gas and sewer lines at the point of intersection. It also requested periodic reports on the results of these inspections.

¹ Directional boring is an alternative means of installing or replacing underground services with only minimal site disruption or restoration costs. It has two stages. In the first stage, a steerable drill head bores a pilot hole to a pre-designated point. In stage two, the drill head is removed and is replaced with a reamer to enlarge the hole and a swivel that attaches to the pipe. At this point the entire assembly is pulled back through the pilot hole. No trenches need be dug nor is any landscaping disturbed.

5. Initially both utilities agreed to use a "pot hole technique" to locate Goshen Utilities' lines. Under this technique, Goshen Utilities marks the appropriate location of its sewer lines. LG&E's contractor then "pot holes" this location to determine the exact location of the sewer line. If the first pot hole fails to uncover the sewer line, then additional pot holes are dug.

6. After its initial use of the pot hole technique, LG&E abandoned this technique as inefficient and unreliable. Attempting to locate Goshen Utilities' sewer lines in 40 property lots, it dug three holes, each measuring four feet wide and 25 inches deep, in each lot. With these 120 holes, LG&E was able to locate only three sewer lines. LG&E completed its initial construction by using conventional trenching techniques. Because of the expense of these techniques, it has ceased further gas main extensions in the areas that Goshen Utilities' serves.

7. As of this date, neither utility has inspected the sewer service lines of the customers' whose gas mains were installed with the use of directional boring. In its last report in November 1998, Goshen Utilities advised the Commission that no inspections were being conducted and that the utilities were unable to agree on how to conduct such inspections.

Based on its review of Commission Staff's allegations and the exhibits appended hereto and being otherwise sufficiently advised, the Commission finds that prima facie evidence exists that these conditions constitute an unsafe, improper and unreasonable practice affecting both utilities' provision of utility service.

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

1. LG&E and Goshen Utilities shall appear before the Commission on February 26, 1999 at 10:00 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of presenting evidence concerning their alleged unsafe, improper, and unreasonable practices, and of showing cause why they should not be required to remedy these unsafe, improper, and unreasonable conditions.


2. LG&E and Goshen Utilities shall submit to the Commission within 10 days of the date of this Order a written response to the allegations contained herein.

3. Exhibits 1 through 6, copies of which are appended hereto, are made part of the record of this proceeding.

Done at Frankfort, Kentucky, this 9th day of February, 1999.

By the Commission

ATTEST:


Executive Director

ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION

ATTORNEYS

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April 22, 1998

Ms. Helen Helton
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

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APR 24 1998

GENERAL COUNSEL

Re: Potential Safety Issue

Dear Ms. Helton:

Goshen Utilities, Inc. ("Goshen") and Louisville Gas and Electric Company ("LG&E") are involved in a dispute involving the use of "directional boring" and responsibility for locating underground facilities in an area served by both Goshen and LG&E. The Companies have attempted over the past several weeks to resolve the issues, but have been unable to do so.


We would like to arrange an informal conference with the technical staff of the Public Service Commission to seek advice on the issues involved, in order to resolve differences so that potential customer safety issues can be promptly addressed. We do not seek a formal proceeding on the issues involved at this time. Because safety issues are involved, we believe that a judicial resolution would result in an unacceptable delay.

Mr. Brooks and I spoke to Jerry Wuetcher this afternoon, and briefly described the issues and positions of the Company to him. The issues and positions are more fully described in my letter of March 16, 1998, and the letter of Mr. Brooks of April 2, 1998, copies of which are attached for your reference. The potentially affected customers have been notified in writing by both Goshen and LG&E.

Because of the issues involved, we would like to arrange a conference with the P.S.C. technical staff in the near future. Would you or a member of your staff kindly contact Mr. Brooks at 502-627-3450 or me at 502-589-4130 to advise whether such a meeting may be arranged, and to select a convenient date and time.

Thank you for your prompt consideration of this matter.

Very truly yours,



Jeffrey C. Sauer

JCS/
Enclosures

cc: Douglas M. Brooks, Esq., w/ encl., via FAX: 627-3367
Mr. Jerry Wuetcher, w/ encl., via Regular Mail
Mr. Lloyd Eades, w/ encl., via Regular Mail

ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION

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** Admitted Wisconsin Only

March 16, 1998

Ms. Monica Moman-Saunders
Group Leader, Engineering & Planning
East Service Center, Gas Distribution
LOUISVILLE GAS AND ELECTRIC COMPANY
10300 Ballardsville Road
Louisville, Kentucky 40241

VIA FAX: 429-7823

**Re: Gas Line Installation:
Lakeview Subdivision**

Dear Ms. Moman-Saunders:

Lloyd Eades and I would like to thank you and the other representatives of LG&E for meeting with us last week to discuss the recent gas line construction activities undertaken by LG&E, using Hall Contracting Corp., in the Lakeview subdivision in north Oldham County.

As you know, Goshen Utilities, Inc. has expressed concern about the use of "directional boring" in areas where gravity fed sewers are utilized. The recent gas line installation in the Lakeview subdivision illustrates our concern. Two residents experienced sewer line stoppages immediately after the gas line was installed, and a third resident had a stoppage on Saturday, March 7th. All three instances were attributable to the gas line installation.

With the first report of a sewer stoppage, Mr. Eades immediately hand delivered a letter dated February 27, 1998 to all potentially affected homeowners advising them to call Goshen Utilities before hiring a plumber to clear their sewer line, because the recently installed gas line might be the reason for the stoppage. Hall Contracting was immediately notified by Goshen Utilities of the potential safety

concern. Mr. Eades and I spoke with you about this matter by telephone on March 4, 1998.

Notice by LG&E

We were please to learn last Thursday that LG&E had decided to send a notice to potentially affected residents in the Lakeview subdivision. We hope that such notice can be sent with a minimum of delay.

Remediation

We believe that the installation of the gas line by LG&E in the Lakeview subdivision poses a safety concern, and that LG&E should take immediate remedial action to assure that the gas line did not "pierce" other gravity fed sewer lines in the area. There are approximately 25 residents in the subdivision that may be affected. We believe that it would be appropriate to either unearth the intersection of the gas line and the sewer line to inspect for damage, or to use a video camera to inspect the sewer line of each potentially affected residence. Any damage to the underground facilities which is discovered during the inspection should be repaired by LG&E.

We have considered your request that Goshen Utilities perform the remedial work described above. We respectfully decline. We believe that such remedial work is the responsibility of LG&E, and should be undertaken by LG&E or its contractor. Goshen Utilities would be willing to assist LG&E or its contractor with locating the sewer lines, as we described in our recent meeting.

We urge LG&E to take prompt action on this matter.

Future Gas Line Installation

You advised that LG&E desires to install additional gas lines in the Lakeview subdivision in the near future. Goshen Utilities will provide LG&E or its contractor with information about the location of the sewer lines, in accordance with the Underground Facility Damage Prevention Act of 1994. As you know, KRS 367.4903(12) provides the following definition:

"'Approximate location' means:

- (a) For underground metallic and underground nonmetallic facilities with metallic tracer wire, a distance not to exceed the combined width of the underground facility plus eighteen (18) inches

measured from the outer edge of each side of the underground facility; or


- (b) For nonmetallic facilities without metallic tracer wire, the underground facility shall be located as accurately as possible from field location records."

The sewer lines of Goshen Utilities in the Lakeview subdivision are nonmetallic and do not have a metallic tracer wire. Accordingly, Goshen Utilities will provide information from its field location records, and any other information it has that would assist in locating the sewer lines as accurately as possible.

As we have explained to you, however, the field location records for the Lakeview subdivision generally do not provide a very accurate location of the sewer lines. If LG&E desires to use directional boring in this subdivision, we think LG&E should undertake additional measures designed to more accurately locate the gravity fed sewer lines in advance of construction activities. In other words, we do not think that knowing the "approximate location" of a gravity fed sewer line is sufficient when a gas line is to be installed by directional boring.

Please review this matter, and let me hear from you at your earliest convenience. Thank you.

Very truly yours,


Jeffrey C. Sauer

JCS/tfg

cc: Mr. Lloyd Eades, via FAX: 228-6745
Warner A. Broughman, III, via FAX: 606-272-1020
Douglas M. Brooks, Esq., via FAX: 629-3367



Law Department

*Louisville Gas and Electric Company
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232
502-627-3450
502-627-3367 FAX*

April 2, 1998

Sent Via Fax

Jeffrey C. Sauer
Ackerson, Mosely & Yann
1200 One Riverfront Plaza
Louisville, KY 40202

RE: Gas Line Installation; Lakeview Subdivision

Dear Mr. Sauer:

I have reviewed your letter dated March 16, 1998, with Ms. Moman-Saunders and have been directed to respond. We appreciate your response and are hopeful that we can work out a mutually beneficial resolution to the issues between our companies.

Louisville Gas and Electric Company is obligated to provide natural gas service to customers who request such service consistent with the terms and conditions of LG&E's tariffs and who agree to pay their share of the costs, if any, of a gas main extension. Once a sufficient number of prospective customers sign contracts with us, we are obligated to install the mains and provide service. Whether we use our own crews or those of contractors, we install gas main extensions in a professional and expert manner.

In recent years LG&E has undertaken a significant expansion of its gas main system and has installed a large amount of new mains throughout our service territory, including Oldham County. Despite the quantity of main installation work we have performed, we have not encountered the types of problems in locating sewer services that we have experienced with Goshen Utilities in the Lakeview subdivision.

We believe very firmly that your client has an obligation to locate its sewer services so that inadvertent damage to those services and inconvenience to our mutual customers can be avoided. While we agree that you have cited the appropriate provisions of the Underground Facility Damage Prevention Act, we do not agree that those provisions relieve Goshen Utilities of the responsibility to use reasonable efforts to locate its underground lines so that our lawful excavation will not disturb them. In our opinion, marking the entire right-of-way as a "hand dig" zone clearly does not comply with either the letter or the spirit of the law. Nor does the law obligate LG&E to bear the entire cost of locating Goshen Utilities' lines. As for LG&E's use of directional boring, this method enables us to provide service in a timely and cost-efficient

Jeffrey C. Sauer
April 2, 1998
Page 2

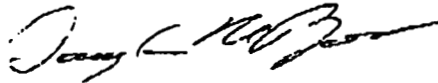
manner. Our use of this procedure is not prohibited by the Underground Facility act, and it is not the cause of our mutual problems.

LG&E believes that a joint effort by both utilities is the only reasonable solution. With regard to the completed work, we believe that a jointly-conducted random sample of the twenty-five residences should provide us with the necessary information to determine if additional damage has been done. With regard to future work, we believe that Goshen Utilities should actively assist LG&E in locating its service lines in the affected area, including the use of an underground camera as necessary. Costs of such operations should be shared.

With regard to your suggestion that we refer this matter to the Public Service Commission, I would prefer not to do that at this time. I would instead recommend that the two companies continue discussions so that we can determine if there is some middle ground that supports an amicable resolution of this matter. Perhaps at a later date, informal discussions with the KPSC Staff may prove helpful.

We welcome further discussions on how our two companies can mutually resolve these issues and complete the field work with a minimum of inconvenience for our customers. Please contact me at your earliest convenience so that we can resolve these matters.

Sincerely yours,



Douglas M. Brooks
Senior Counsel Specialist, Regulatory
(502) 627-2557

cc: Buz Rush
Monica Moman-Saunders

ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION

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* Also Admitted in Indiana
** Also Admitted in Wisconsin

September 21, 1998

Mr. Gerald Wuetcher
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED

SEP 22 1998

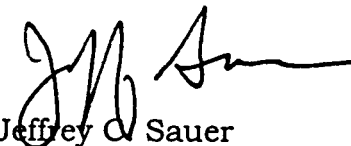
GENERAL COUNSEL

Re: Directional Boring

Dear Mr. Wuetcher:

You are shown as a copy on the letter dated September 21, 1998 from Doug Brooks of LG&E. Mr. Brooks references my letters of September 8 and 21, 1998. Enclosed, for your file, are copies of same.

Very truly yours,


Jeffrey C. Sauer

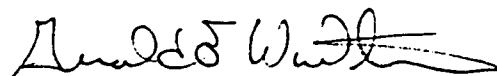
JCS/
Enclosures

cc: Mr. Lloyd Eades, w/o encl.

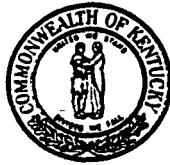
Jeffrey C. Sauer, Esq.
Douglas Brooks, Esq.
July 31, 1998
Page 2

Please advise me within 10 days of your clients' response, if any, to these recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald E. Wuetcher". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Gerald E. Wuetcher
Staff Attorney



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
(502) 564-3940

July 31, 1998

Jeffrey C. Sauer, Esq.
Ackerson, Mosley & Yann
1200 One Riverfront Plaza
Louisville, Kentucky 40202-2923

Douglas Brooks, Esq.
Corporate Law Department
Louisville Gas & Electric Company
220 West Main Street
Post Office Box 32010
Louisville, Kentucky 40232

Re: Directional Boring

Gentlemen:

Pursuant to your request, Commission Staff has carefully considered the issues presented at the informal conference on 16 June 1998.

Of utmost concern is the safety of the remaining 22 sewer service lines which may have been affected as a result of the Louisville Gas and Electric Company's ("LG&E") use of directional boring to install a natural gas service main in Goshen, Kentucky. Commission Staff believes that immediate steps should be taken to ensure the safety of these lines. We strongly recommend that LG&E and Goshen Utilities jointly determine the exact location of Goshen Utilities' sewer lines on these 22 properties and then closely inspect the gas and sewer service lines at their point of intersection. We further recommend that the lines be hand dug to allow for the closest possible inspection. We also recommend that LG&E continue its present suspension of directional boring in this geographical area until this dispute is resolved.

Commission Staff has not reached any conclusions regarding the remaining issues. We suggest that the utilities continue their negotiations on the issues of cost and location responsibility. Should the utilities be unable to reach a settlement, Commission Staff is of the opinion that the Public Service Commission is the appropriate forum to resolve their dispute and that the utilities should initiate a formal proceeding before it.

*Original sent
by reg. mail*

ACKERSON, MOSLEY & YANN

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DANIEL M. WALTER

September 8, 1998

Douglas M. Brooks, Esq.
Louisville Gas & Electric Company
220 West Main Street
Louisville, Kentucky 40202

VIA FAX: 627-3367

RECEIVED

SEP 2 9 1998

GENERAL COUNSEL

Re: **Directional Boring:
New Construction Activities in the
Lakeview Subdivision, Oldham County**

Dear Doug:

It is my understanding that LG&E has commenced new construction activities in the Lakeview subdivision in north Oldham County, and that directional boring is the method selected by LG&E for the installation of its gas lines in the subdivision.

In order to assist LG&E with the location of the existing facilities in the construction area, Goshen Utilities will mark the approximate location of its sewer lines as accurately as possible from its field location records. The approximate location will be marked using a "safety green" color. Goshen Utilities will also provide the LG&E excavator with other information, if any, that would assist in locating and avoiding contact with or damage to the existing Goshen Utilities sewer lines.

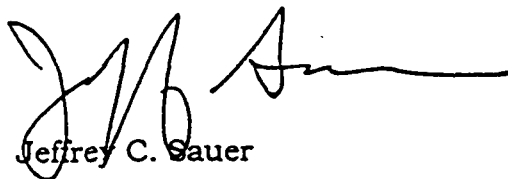
Once the approximate location of the Goshen Utilities sewer lines has been marked, the LG&E excavator will "pot hole" the approximate location in order to physically locate the sewer line. If the initial "pot hole" fails to locate the sewer line, additional pot holes or digging will be undertaken by the LG&E contractor in order to physically locate the sewer line. Goshen Utilities will make available its field location records at the construction site for examination by the LG&E excavator. Goshen Utilities will also make available Robert Huffman or another representative familiar with the sewer lines in the construction area in order to assist with the

location of the sewer line. The LG&E excavator will be responsible for all digging activities in the construction area.

Because of the inherent risks of directional boring, we would like to re-emphasize the need to physically locate each existing sewer line at the intersection of the new gas line. Failure to physically locate a sewer line at such an intersection presents, in our view, an unacceptable safety risk to the customers.

Please let me know if your understanding of the above is different in any respect. Thank you for your cooperation in this matter.

Very truly yours,



Jeffrey C. Sauer

JCS/

cc: Mr. Lloyd Eades, via FAX: 228-6745

ACKERSON, MOSLEY & YANN

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September 21, 1998

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* Also Admitted in Indiana
** Also Admitted in Wisconsin

Douglas M. Brooks, Esq.
Louisville Gas & Electric Company
220 West Main Street
Louisville, Kentucky 40202

VIA FAX: 627-3367

**Re: Directional Boring:
New Construction Activities in the
Lakeview Subdivision, Oldham County**

Dear Doug:

I received a telephone call this morning from Lloyd Eades. He advised me of an incident which occurred last Friday, which could have had serious safety consequences. I was out of the office on Friday, and he was unable to reach me at that time.

Lloyd left his office Friday afternoon, preparing to drive home for the weekend. He decided to drive through the Lakeview Subdivision on his way home, in order to personally inspect the construction activities in the area. When he arrived, he saw a Roto-Rooter truck in the driveway of a residence which had gas line construction activities in the front yard. The resident told Lloyd that he had experienced a sewer backup, and had called Roto-Rooter to fix the problem. Lloyd told the resident that the problem may be related to the gas line installation, and asked him to wait until his sewer line could be uncovered. The resident agreed to wait.

When the sewer line was subsequently uncovered, it was discovered that the recently installed gas line had pierced the sewer line causing the back up.

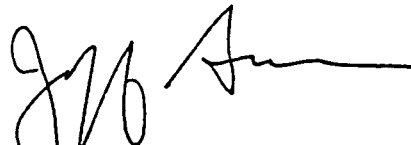
We have debated at length the advisability of using directional boring for the installation of a gas line in an area served by gravity fed sewers. We believe that the

risks are simply too great to continue directional boring in such areas. What if the Roto-Rooter representative would have used an auger to clear the sewer line? The result could have been catastrophic.

Goshen Utilities has provided a written warning to potentially affected residences in the area. LG&E will surely want to provide a separate written warning as well.

We urge LG&E to cease using directional boring in areas served by Goshen Utilities with gravity fed sewers. We know of no adequate method by which the risk of inadvertently piecing a sewer line can be eliminated. Please call me at your earliest opportunity to review this matter. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'JCS', with a long horizontal flourish extending to the right.

Jeffrey C. Sauer

JCS/

cc: Mr. Lloyd Eades, via FAX: 228-6745
Mr. Warner A. Broughman, III, via FAX: 606-272-1020

ACKERSON, MOSLEY & YANN

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September 23, 1998

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* Also Admitted in Indiana
** Also Admitted in Wisconsin

Douglas M. Brooks, Esq.
Louisville Gas & Electric Company
220 West Main Street
Louisville, Kentucky 40202

RECEIVED

SEP 24 1998

Re: **Directional Boring:**
Lakeview Subdivision, Oldham County

GENERAL COUNSEL

Dear Doug:

Thank you for your prompt reply to my recent letter concerning directional boring. We appreciate the efforts of LG&E to locate existing facilities using a "pot hole" technique, and regret that such method was not successful. I understand from Lloyd Eades that several other methods of locating existing facilities for directional boring purposes were discussed and rejected as impractical.

As you may know, I live in the north Oldham County area not far from the subdivision where LG&E is presently installing gas lines. Gas lines were installed in my subdivision about two years ago using the traditional trenching method. I agree with your assessment that trenching is more disruptive to the lawns of homeowners. However, I thought the LG&E contractors did a nice job of backfilling the trenches, re-packing the loose dirt and re-seeding. It wasn't too long before the trenching activities disappeared under the new grass. I expect the same will be true in the Lakeview Subdivision.

UFDPA

We disagree with your assessment of responsibility for locating existing underground facilities. Buz Rush stated during the informal conference at the PSC last June, that LG&E had an arrangement with MSD under which MSD would locate and document any MSD sewer lines in Jefferson County that were not otherwise

accurately located. Your letter of September 21, 1998 notes that other utility companies with which LG&E has worked, have also agreed to locate their underground facilities.

We do not dispute that LG&E may have an arrangement with MSD or other utilities for locating underground facilities. Such informal arrangements with MSD and others, however, are not controlling for the purposes of determining responsibility for locating underground facilities. Responsibility for locating underground facilities is the subject of a specific statute, the Underground Facility Damage Prevention Act ("UFDPA"), and that statute is determinative of the responsibilities of the parties.

We believe that UFDPA is clear on the allocation of responsibilities. Under KRS 367.4909(4)(a), Goshen Utilities must inform the excavator of the "approximate location" and description of any of its facilities which may be damaged or pose a safety concern because of the excavation. According to the statute, "approximate location" means for nonmetallic facilities without metallic tracer wire, that the underground facility must be located as accurately as possible from "field location records." KRS 367.4905(12). Goshen Utilities must also provide other information to the excavator which may "assist in locating" the facilities, and must mark the approximate location with safety green markers. KRS 367.4909(4)(b) and (c).

The statute does not say that Goshen Utilities must "actually locate" its underground facilities. There are strong policy reasons why the statute does not so provide. First, a large utility could impose a large and very burdensome cost on a relatively small utility by insisting that the small utility actually locate its existing underground facilities when field location records are not particularly accurate. That would be unfair to the small utility and its ratepayers.

Secondly, while the utility with the existing facilities must mark the "approximate location" of its facilities and must "assist in locating" such facilities, it is the utility that is installing new gas lines that should bear the cost of "actually locating" the existing facilities. The installing utility has, after all, made not only the decision to install the new facilities, but also selected the method by which such installation will be made. The utility with existing facilities has no choice in the matter.

We believe that the statutory provisions referenced above are controlling, and that such provisions clearly set forth the responsibility for locating existing underground facilities as above described. If you believe that UFDPA does not apply to the current situation, or if you have specific statutory authority which contradicts that set forth above, please so advise and we will consider such authority. To date, we have only received a general statement of position and a comparative view of how LG&E handles such matters with MSD and other utilities.

Safety Issue

The safety of the residents in our service area is of utmost concern to Goshen Utilities. When Goshen Utilities learned in late February 1998 that the recently installed gas line had pierced two sewer lines, we immediately took action to protect the residents. Lloyd Eades immediately contacted the contractor for LG&E to alert them to the problem, and personally hand-carried a warning notice dated February 27, 1998 to all potentially affected residents. We then contacted LG&E and advised your representatives of the potential safety issue, and urged LG&E to also provide warning notices to residents.

When a third pierced sewer line was discovered on March 7, 1998, Lloyd immediately contacted the LG&E contractor and spoke personally with the affected resident. Lloyd called me at home Saturday evening, and I personally drove to the site on Sunday morning, March 8, 1998, to observe first hand the process involved with locating and uncovering of the sewer line. Three "pot holes" were necessary to locate that sewer line.

Goshen Utilities advised LG&E that it desired to notify the Public Service Commission of the safety issues involved with directional boring. With your consent, we prepared and sent the letter to the PSC dated April 22, 1998. Last week when yet another incident was discovered, Goshen Utilities again took immediate action to protect the safety of the homeowner and to notify the appropriate parties of the matter. Attached are copies of correspondence evidencing our efforts along these lines.

LG&E Decision

We applaud the decision of LG&E to abandon directional boring in areas served by gravity fed sewers in the Goshen Utilities service area. We believe that public safety will best be protected by use of a traditional trenching method for the installation of gas lines in the areas currently served by gravity fed sewers. While we appreciate that directional boring may represent an opportunity for cost savings for LG&E, we believe that such method is only appropriate if the existing gravity fed sewer lines can be actually located by the installing utility to assure that an inadvertent puncture does not occur.

Remediation Work

Goshen Utilities and LG&E should promptly arrange a meeting to reach final agreement for the remediation work to be performed in the two areas of potentially affected residents where directional boring was used by LG&E. There are 22 residences in the gas line construction area from last February and March to be examined; and, there are approximately 9 residences in the present gas line

construction area to be examined. We would like to arrange a meeting before the end of September, in order that these inspections may promptly proceed.

Policy Matters

Directional boring is a relatively new technique and has inherent risks associated with its use for the installation of new gas lines in areas served by gravity fed sewers. It may be appropriate for the Public Service Commission to examine the full import of the risks involved and to provide industry guidance by regulation or otherwise.

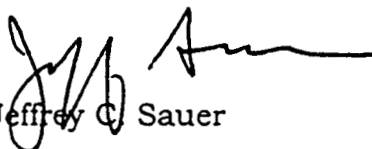
Working Relationship

Recognizing that LG&E and Goshen Utilities have expressed differing views about the advisability of using directional boring in areas served by gravity fed sewers and with respect to the responsibility for actually locating existing facilities, it is nonetheless our firm desire to maintain a productive working relationship with LG&E. We may have different opinions concerning specific matters, but we share a common interest in providing safe, cost effective service to our respective customers.

I am available to discuss with you any of the matters set forth above. Lloyd Eades is likewise available to work with LG&E representatives to move forward with these matters. I would like to suggest a meeting next week, at your convenience, to agree on the manner in which the remediation work should be accomplished as described above.

I shall look forward to hearing from you.

Very truly yours,


Jeffrey C. Sauer

Enclosures

cc: Mr. Lloyd Eades
Mr. Warner A. Broughman, III
Ms. Helen C. Helton
Gerald Wuetcher, Esq.



COMMONWEALTH OF KENTUCKY
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November 17, 1998

Jeffrey C. Sauer, Esq.
Ackerson, Mosley & Yann
1200 One Riverfront Plaza
Louisville, Kentucky 40202-2923

Douglas Brooks, Esq.
Corporate Law Department
Louisville Gas & Electric Company
220 West Main Street
Post Office Box 32010
Louisville, Kentucky 40232

Re: Directional Boring
Louisville Gas and Electric Company/Goshen Utilities

Gentlemen:

In previous correspondence and telephone conversations with Commission Staff, Goshen Utilities and Louisville Gas and Electric Company have advised of their intention to inspect the affected sewer lines. Commission Staff requests that the utilities provide by November 24, 1998 a written status report on their efforts. Commission Staff further requests that weekly status reports be submitted after that date until all affected sewer lines have been inspected. These status reports should detail any damage to the sewer lines found during the inspections.

Any questions regarding this letter should be directed to Gerald Wuetcher, Commission counsel, at (502) 564-3940, Extension 259.

Sincerely,

A handwritten signature in cursive script, appearing to read "Helen C. Helton".

Helen C. Helton
Executive Director

ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION

ATTORNEYS

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ROBERT L. ACKERSON
EUGENE L. MOSLEY
ROBERT M. YANN
JOHN T. MILLER
JOHN G. CARROLL
W. WAVERLEY TOWNES
JEFFREY C. SAUER *
WILLIAM J. COOPER, JR.
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EDWARD L. GALLOWAY
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W. DAVID KISER
H. EDWIN BORNSTEIN
THOMAS D. MURPHY II
LYNN F. HENDON
JOHN F. MENESEE
LORI A. ACKERSON
ANNE B. COURTNEY **
DANIEL M. WALTER

TELEPHONE: (502) 583-7400
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BROWNSBORO ROAD BRANCH:
6520 GLENRIDGE PARK PLACE
SUITE NO. EIGHT
LOUISVILLE, KENTUCKY 40222
TELEPHONE: (502) 425-5598

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411 WATT STREET
JEFFERSONVILLE, INDIANA 47130
TELEPHONE: (812) 288-0627

E-MAIL ADDRESS:
LAW1200@aol.com

November 24, 1998

* Also Admitted in Indiana
** Also Admitted in Wisconsin

Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40601

Re: **Directional Boring Inspections**
LG&E/Goshen Utilities, Inc.

RECEIVED

NOV 25 1998


GENERAL COUNSEL

Dear Ms. Helton:

Your letter of November 17, 1998 requests that we provide a status report of the sewer line inspections for the two areas where directional boring was used by LG&E when installing gas lines earlier this year.

We regret to report that no inspections have been made. Although we have made several efforts to move forward with this matter, our efforts have not resulted in any inspections or an agreement on how such inspections should be accomplished. We solicit your involvement with this important safety issue in order that the inspections can be accomplished without further delay. Thank you.

Very truly yours,


Jeffrey C. Sauer

JCS/

cc: Mr. Lloyd Eades
Gerald Wuetcher, Esq.
Douglas M. Brooks, Esq.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:
 Complete items 1 and/or 2 for additional services.
 Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:
 Greg Ferguson

4a. Article Number: **Z 086 103 711**

4b. Service Type:
 Registered
 Express Mail
 Return Receipt for Merchandise
 COD

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
J. Davis

PS Form 3811, December 1994
 102595-98-8-0229
 Domestic Return Receipt

POSTMARK:
 FEB 11 1995
 KY

Thank you for using Return Receipt Service.

Z 086 103 267

US Postal Service
 Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Annemarie Beach
Street & Number	1001 Riverside Dr.
Post Office, State, & ZIP Code	Cosheo, P.O. Box 36, Ky. 40026
Postage	\$ 1.21
Certified Fee	1.35
Special Delivery Fee	0
Restricted Delivery Fee	0
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.66
Postmark or Date	

PS Form 3800, April 1995

240-66-1H

Is your RETURN ADDRESS completed on the reverse side?

SENDER:
 Complete items 1 and/or 2 for additional services.
 Complete items 3, 4a, and 4b.
 Print your name and address on the reverse of this form so that we can return this card to you.
 Attach this form to the front of the mailpiece, or on the back if space does not permit.
 Write "Return Receipt Requested" on the mailpiece below the article number.
 The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:
 Annemarie Beach

4a. Article Number: **Z 086 103 267**

4b. Service Type:
 Registered
 Express Mail
 Return Receipt for Merchandise
 COD

7. Date of Delivery: **2/10/95**

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)
 H. BEACH

6. Signature: (Addressee or Agent)
H. Beach

PS Form 3811, December 1994
 102595-98-8-0229
 Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 086 103 711

US Postal Service
 Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Greg Ferguson
Street & Number	P.O. Box 32010
Post Office, State, & ZIP Code	Louisville, Ky. 40232-2010
Postage	\$ 1.21
Certified Fee	1.35
Special Delivery Fee	0
Restricted Delivery Fee	0
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.66
Postmark or Date	

PS Form 3800, April 1995

240-66-1H

MEMORANDUM

TO: Goshen Utilities File
CC: JCS
FROM: DMW *DW*
DATE: August 13, 1998
RE: Directional Boring

I spoke with Doug Brooks at LG&E regarding Jerry Weucher's letter dated July 31, 1998. Lloyd Eades, Buz Brooks (LG&E Gas Distribution Manager - East Service Center) and a PSC representative met last week and discussed the 22 properties which may have been affected by LG&E's use of directional boring. They agreed that LG&E would provide the manpower and equipment to hand dig and determine the exact location of Goshen Utilities' sewer lines, and examine their point of intersection with the gas lines. Goshen Utilities would provide an employee to help locate the sewer lines, to the extent possible, based on the plans and other drawings of Goshen Utilities.

Doug and I jointly called Jerry Weucher. Mr. Weucher was not available, but we left a detailed message explaining the above, and told him the parties will continue negotiating in an attempt to resolve the remaining issues. We also stated that the exact dates of the hand digging have not been determined, but we will notify him once the project is scheduled.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 99-042
GOSHEN UTILITIES, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on August 24, 1999.

Parties of Record:

Greg Ferguson
Regulatory Affairs Coordinator
Louisville Gas and Electric Company
P. O. Box 32010
Louisville, KY. 40232 2010

Annemarie Beach
Administrative Manager
Goshen Utilities, Inc.
1001 Riverside Drive
P. O. Box 36
Goshen, KY. 40026

Honorable Jeffrey C. Sauer
Attorney at Law
Ackerson, Mosley & Yann
1200 One Riverfront Plaza
Louisville, KY. 40202

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
And)
GOSHEN UTILITIES, INC.)
_____) CASE NO. 99-042
INVESTIGATION INTO ALLEGED UNSAFE UTILITY)
PRACTICES)

ORDER

This proceeding involves Louisville Gas and Electric Company's ("LG&E") use of directional boring in areas where the location of Goshen Utilities' ("Goshen") sewer facilities is unknown. At issue is whether each utility's failure to inspect its facilities to ensure that LG&E gas mains have not pierced Goshen sewer lines constitutes an unsafe practice. Based upon its review of the record, we find that the practice is unsafe and that a potential safety hazard currently exists in the Lakeview Subdivision of Oldham County, Kentucky. By this Order, we direct both utilities to inspect the facilities in question to ensure their structural integrity.

PROCEDURE

On February 9, 1999, the Commission ordered LG&E and Goshen to show cause why certain conditions regarding Goshen's sewer service lines and LG&E's gas main within the Lakewood Subdivision of Oldham County, Kentucky, did not constitute "unsafe, improper and unreasonable practice[s]" that should be immediately remedied. We further directed both utilities to respond in writing to the allegations contained in our

Order. On February 25, 1999, after the parties responded to the Commission's Order to Show Cause, the Commission held a public hearing. At this hearing, James William Rush III, LG&E's Manager of Gas Distribution, and Lloyd Eades, Goshen's President, testified.

STATEMENT OF THE CASE

Directional boring is an alternative means of installing or replacing underground gas mains with only minimal site disruption or restoration costs. It has two stages. In the first stage, a steerable drill head bores a pilot hole to a pre-designated point. In stage two, the drill head is removed and is replaced with a reamer to enlarge the hole and a swivel that attaches to the pipe. At this point the entire assembly is pulled back through the pilot hole. No trenches are dug nor is any landscaping disturbed.

LG&E makes extensive use of directional boring to install gas mains in established neighborhoods and to replace existing mains.¹ It maintains that the technique reduces installation costs and increases customer satisfaction. LG&E has promulgated internal guidelines, which are based upon the Gas Research Institute's guidelines, for its employees and contractors to follow when using this technique.

Using directional boring, LG&E in February 1998 began installing natural gas mains in the Lakeview Subdivision of northern Oldham County. During the first phase of this project, LG&E installed approximately 4,300 feet of gas main to 56 customers within the subdivision. Hall Contracting, a construction contractor, performed the actual installation. Shortly before beginning this installation, LG&E contacted Goshen and

¹ LG&E annually installs 13 miles of gas main to established neighborhoods using this technique. Since 1996 it has replaced over 70 miles of existing gas mains through the use of directional boring.

requested that its representative be present during the installation to assist in the location of Goshen's sewer mains. (Goshen owns and operates gravity fed sewers that serve the Lakeview Subdivision.) A Goshen representative was on site during the installation.

Shortly after LG&E began its extension to Lakeview Subdivision, three residents complained to Goshen of sewer stoppages. These stoppages were the result of the gas main installation. When installing the gas mains, LG&E's contractors had unknowingly pierced Goshen's gravity fed sewer lines. The newly installed gas main blocked these lines.

The blockage poses a serious safety problem. Homeowners' efforts to remove a sewer line stoppage may result in the rupture of the gas main. Natural gas could then seep into the home through the sewer and create the potential for a gas explosion. Recognizing the potential safety hazard, Goshen contacted all homeowners in the area and advised them to contact the utility before attempting to clear their sewer lines. It also reported the problem to LG&E's contractor. LG&E subsequently provided written notice of the problem to the affected customers. Of the 56 residences involved in the first phase of the main extension project, LG&E can confirm the safe installation of only 34 residences.² These residences include all residences located on the opposite side of the road or street from the gas main and the three residences that experienced sewer line blockages.

Logistical problems have prevented LG&E and Goshen from inspecting the remaining lines. Goshen's sewer lines are plastic and are not easily detectable.

² Transcript of February 26, 1999 Hearing ("Transcript") at 72.

Goshen, moreover, does not have accurate records of its sewer lines' location. The only means of locating the sewer service lines are to unearth each sewer service or use a metallic snake and metal detection equipment. Unearthing the sewer service lines is expensive and disruptive. Use of a metallic snake requires access to the customers' home. Such access is generally not available during normal business hours.

In September 1998, LG&E resumed gas main extensions to the Lakeview Subdivision. During this phase of the extension, LG&E installed 3,600 feet of gas main to 56 customers. Southern Pipeline, a construction contractor, performed the installation. Prior to installation, LG&E attempted to locate Goshen's sewer lines using a pothole technique. When this proved unsuccessful, Southern Pipeline began installing the gas main using the directional boring technique. After learning of Southern Pipeline's action, LG&E ordered a halt to the use of this technique and directed that conventional trenching be used for the remainder of the project. Nine residences were affected by the use of the directional boring technique. LG&E cannot confirm that these installations are safe.³

DISCUSSION

Both utilities agree that a potential safety hazard currently exists for 31 residences within the Lakeview Subdivision. They differ only on which party should bear the cost of inspecting the gas main and sewer service lines. LG&E maintains that Goshen is responsible for ascertaining the location of its sewer lines and marking those locations. It asserts that Goshen has failed to perform this duty and should bear

³ Since September 1998 LG&E has discontinued the use of directional boring in Goshen's service area to avoid repetition of this problem.

responsibility for locating its sewer lines. Goshen asserts that it has met its legal responsibilities by ascertaining the general location of its facilities.

The Commission has the authority to investigate any "practice or act affecting or relating to the service of a utility" that is unsafe or unreasonable. KRS 278.260(1). If, after a hearing on such practice, it determines that the practice is unsafe, improper, or inadequate, the Commission may determine the proper practice and order the utility to comply. KRS 278.280(1). The Commission, therefore, has the authority to direct both utilities to take corrective action.

Based upon the evidence of record, the Commission finds that, given the current circumstances, each utility's failure to inspect its facilities to ensure that LG&E gas mains have not pierced Goshen sewer lines constitutes an unsafe condition. Until they are thoroughly inspected, the 31 uninspected sewer services represent a potential safety hazard. We further find that, within 10 days, LG&E and Goshen Utilities should, prepare and file with us a plan for joint inspections of the sewer and gas facilities in question. Within 30 days of filing this plan, they should complete their inspection and report to us the results of this inspection.

In our opinion, this situation is likely to recur unless the parties change their current operating methods. Accordingly, we find that Goshen should develop a plan for locating and mapping its existing facilities and file such plan with the Commission within 60 days. We further find that LG&E should cease using directional boring for gas main extensions in Goshen's service area until Goshen's sewer facilities are located and mapped. Finally, when LG&E uses directional boring in the future to extend its gas

mains; it should visually confirm for each intersection of a sewer service line and gas main that the installation did not result in any damage to either facility.

IT IS THEREFORE ORDERED that:

1. Within 10 days of the date of this Order, LG&E shall file with the Commission a detailed map of its gas main extensions to the Lakewood Subdivision of Oldham County, Kentucky.⁴ This map shall clearly indicate:

a. The residences whose sewer service lines were potentially damaged by the main extension.

b. The residences whose sewer service lines have been inspected by LG&E or have otherwise been determined to be unaffected by the main extension and the date on which the inspection or determination was made. For each residence whose sewer service line was not inspected, LG&E shall state how it determined that the line was unaffected.

2. Within 10 days of the date of this Order, LG&E and Goshen Utilities shall prepare and file with the Commission a plan for joint inspections of the 31 sewer service lines previously identified as potential safety hazards. This plan shall provide for the least destructive means of inspection and shall include visual confirmation that no damage has occurred to the sewer service lines or gas main.

3. Within 30 days of submission of their plan for joint inspection, LG&E and Goshen shall complete their joint inspection of the affected sewer service lines.

⁴ During the hearing in this matter, LG&E represented to the Commission that this information would be provided within 7 days. Transcript at 73-75, 130. As of the date of this Order, LG&E has yet to provide this information.

4. At least 24 hours prior to commencing their joint inspections, LG&E and Goshen shall notify the Director of the Commission's Engineering Division by telephone of the time and location of the joint inspections.

5. Within 60 days of the date of this Order, Goshen shall file with the Commission a written plan for locating and mapping its existing sewer facilities. This plan for such mapping shall enable Goshen to determine the approximate location of its sewer facilities. This plan shall further provide that all sewer facilities shall be located and mapped within 180 days of the date of this Order.

6. LG&E shall cease its use of directional boring for gas main extensions in Goshen's service area until Goshen's sewer facilities have been located and mapped.

7. When using directional boring to make gas main extensions, LG&E shall henceforth visually inspect the intersection of each sewer service facility and gas main to determine if any damage to either facility has occurred.

Done at Frankfort, Kentucky, this 24th day of August, 1999.

By the Commission

ATTEST:


Executive Director



Law Department

Louisville Gas and Electric Company
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232
502-627-3450
502-627-3540 FAX

February 25, 1999

Helen Helton
Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

RECEIVED
FEB 25 1999
PUBLIC SERVICE
COMMISSION


**Re: Louisville Gas and Electric Company and Goshen Utilities, Inc.
Case No. 99-042**

Dear Ms. Helton:

You will find enclosed for filing in the above-referenced case an original and ten (10) copies of Louisville Gas and Electric Company's Response to Commission Order and its Motion for Leave to File Response Out of Time. A copy of both pleadings has been served upon counsel for Goshen Utilities, Inc. and an additional copy has been delivered to Staff counsel, Mr. Wuetcher.

Thank you for your courtesies in this matter. Please contact the undersigned if you have any questions.

Sincerely yours,


Douglas M. Brooks
Senior Counsel Specialist, Regulatory
(502) 627-2557

Enclosures

Cc: Jeffrey Sauer, Esq.
Jerry Wuetcher, Esq.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
FEB 25 1999
PUBLIC SERVICE
COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
and)
GOSHEN UTILITIES, INC.)
_____)
INVESTIGATION INTO ALLEGED UNSAFE)
UTILITY PRACTICES)

CASE NO. 99-042

**RESPONSE OF LOUISVILLE GAS AND ELECTRIC COMPANY
TO COMMISSION'S ORDER DATED FEBRUARY 9, 1999**

In response to the Commission's Order dated February 9, 1999 in this proceeding, Louisville Gas and Electric Company ("LG&E") hereby submits the following.

1. LG&E accepts the accuracy of the first numbered paragraph with the following clarifications and additional information. With regard to footnote 1, directional boring is used for installing or replacing more than just service lines, and is used most often for installing mains. Further, directional boring has been widely used in many industries for a number of years, including the gas distribution industry, and is the subject of widely accepted national guidelines. LG&E has promulgated internal procedures for the use of directional boring which are similar to the national guidelines. A copy of LG&E's internal procedures for the use of directional boring is attached to this Response and marked as Attachment 1. LG&E requires that its contractors follow its internal procedures when utilizing directional boring.

2. LG&E accepts the accuracy of the second numbered paragraph with these clarifications and additional information. The damage to the three sewer service lines referred to was promptly repaired by LG&E and LG&E's contractor. After being notified of the damage by

personnel from Goshen Utilities ("Goshen"), LG&E notified all affected homeowners in writing of the potential safety issue. The form of the notice sent by LG&E is attached to this Response and marked as Attachment 2.

3. LG&E states in response to the third numbered paragraph that LG&E and Goshen could not agree on which company is responsible under the provisions of the Underground Facility Damage Prevention Act for locating Goshen's service lines. Goshen refused to do anything more than indicate generally where it thought the services lines might be located. In one instance LG&E located a service line approximately 85 feet away from where Goshen indicated it could be found. LG&E does not believe that there has been any disagreement between itself and Goshen regarding how inspections should be conducted. Instead, the disagreement is over Goshen's responsibility to locate its own lines so that inspections can be performed.

4. LG&E accepts the accuracy of the fourth numbered paragraph.

5. LG&E suggests the following modifications to the fifth numbered paragraph. LG&E and Goshen did not agree that LG&E should utilize the "pot hole technique" to locate Goshen's lines. LG&E uses the "pot hole technique" when employing directional boring in order to observe existing facilities during the installation process. However, it is not a preferred method for locating existing facilities when the owner of the facilities refuses to or is unable to locate them. The pot hole technique should be used only when the facilities' owner has provided the excavator with accurate and reliable locations for its facilities. Pot holes were dug by LG&E in connection with the second main extension project in the Lakeview Subdivision in September

1998 in an unsuccessful attempt to locate Goshen's service lines after Goshen indicated to LG&E where it thought the facilities might be located.

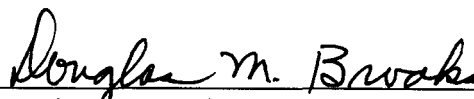
6. LG&E suggests the following modifications to the sixth numbered paragraph. LG&E utilized the pot hole technique in connection with the second gas main extension project in the Lakeview Subdivision, and, as noted in the Order, experienced extreme difficulty in locating Goshen's sewer services in this manner. The first project, constructed in February 1998, utilized the directional boring technique. The second project, constructed in September 1998, utilized directional boring on the first day of construction, but the remaining main was installed with trenching. LG&E continues to receive interest from prospective customers in Goshen's service territory for new gas mains, and has commenced a new project in this area utilizing the more costly and disruptive trenching technique.

7. LG&E accepts the accuracy of the seventh numbered paragraph with the following modifications and clarifications. An LG&E crew met with Goshen personnel in August 1998 to assist Goshen in locating the sewer services of the twenty-two customers in the first Lakeview project. Goshen personnel indicated by drawing circles on LG&E's project plat where they thought their services were located, but at the same time told LG&E's crew that the locations were not reliable. LG&E's crew and Goshen's personnel then went to the site, where the LG&E crew with the assistance of Goshen located the depth of LG&E's gas main, and, where sewer manholes were available, measured the depth of Goshen's main. From this information, LG&E's crews were able to determine that in most of the lots the relative depths of the two mains were such that there was little probability that Goshen's sewer service lines had been damaged by the directional boring. LG&E and Goshen continue to disagree on Goshen's

responsibility for locating its own facilities, but not on the appropriate technique for inspecting sewer services.

8. For further response LG&E states that LG&E stands ready to physically inspect all relevant sewer services once Goshen can tell LG&E with any degree of reliability where the services are located. Furthermore, LG&E submits for inclusion in the record of this proceeding Attachment 3 to this Response, which is a letter written by the undersigned to counsel for Goshen in response to his letter of September 8 and 21, 1998.

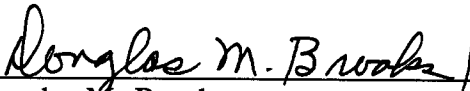
Respectfully submitted,



Douglas M. Brooks /12
Douglas M. Brooks
Senior Counsel Specialist, Regulatory
LOUISVILLE GAS AND ELECTRIC COMPANY
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232
(502) 627-2557
**Counsel for Louisville Gas and Electric
Company**

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing instrument was hand-delivered on February 25, 1999 to counsel for Goshen Utilities, Inc., Jeffrey C. Sauer, Ackerson, Mosely & Yann, P.S.C., 1200 One Riverfront Plaza, Louisville, KY 40202.

Douglas M. Brooks /s/ 
Douglas M. Brooks

ACKERSON, MOSLEY & YANN

A PROFESSIONAL SERVICE CORPORATION

ATTORNEYS

1200 ONE RIVERFRONT PLAZA
LOUISVILLE, KENTUCKY 40202

ROBERT L. ACKERSON
EUGENE L. MOSLEY
ROBERT M. YANN
JOHN T. MILLER
JOHN G. CARROLL
W. WAVERLEY TOWNES
JEFFREY C. SAUER *
WILLIAM J. COOPER, JR.
VICTOR L. BALTZELL, JR.
EDWARD L. GALLOWAY
DAVID B. BLANDFORD
LARRY C. ETHRIDGE
W. DAVID KISER
H. EDWIN BORNSTEIN
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LYNN F. HENDON
JOHN F. MENEFEE
LORI A. ACKERSON
ANNE COURTNEY COORSSEN **
DANIEL M. WALTER

TELEPHONE: (502) 583-7400
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VOICE MAIL: (502) 587-5507

NOV 12 1999
PUBLIC SERVICE
COMMISSION
BROWNSBORO ROAD BRANCH:
6520 GLENRIDGE PARK PLACE
SUITE NO. EIGHT
LOUISVILLE, KENTUCKY 40222
TELEPHONE: (502) 425-5598

INDIANA BRANCH OFFICE:
411 WATT STREET
JEFFERSONVILLE, INDIANA 47130
TELEPHONE: (812) 288-0627

E-MAIL ADDRESS:
LAW1200@aol.com

* Also Admitted in Indiana
** Also Admitted in Wisconsin

October 15, 1999

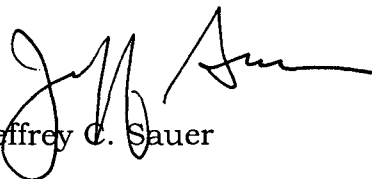
Ms. Helen C. Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40601

**Re: Goshen Utilities, Inc.
Response to Commission Order
Case No. 99-042**

Dear Ms. Helton:

Enclosed is the Response of Goshen Utilities, Inc. to Commission Order dated August 24, 1999.

Very truly yours,


Jeffrey C. Sauer

JCS/

cc: Mr. Lloyd Eades, via FAX: 228-6745
Mr. Douglas M. Brooks, via FAX: 627-3367
Public Service Commission, via FAX: 502-564-7279

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

NOV 12 1999

PUBLIC SERVICE
COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
and)
GOSHEN UTILITIES, INC.)

CASE NO. 99-042

INVESTIGATION INTO ALLEGED UNSAFE)
UTILITY PRACTICES)

RESPONSE OF GOSHEN UTILITIES, INC.:

***REQUEST FOR AN INFORMAL CONFERENCE
AND PROPOSED PLAN FOR LOCATING AND MAPPING
EXISTING SEWER FACILITIES***

By Commission Order dated August 24, 1999 ("Order"), Goshen Utilities, Inc. ("Goshen") is required to "develop a plan for locating and mapping its existing facilities" in order to enable Goshen to "determine the approximate location of its sewer facilities." Pursuant to KRS 367.4909(4)(a), Goshen is required to inform an excavator of the "approximate location" and description of any of its facilities which may be damaged or pose a safety concern because of excavation work.

LG&E and Goshen recently conducted a joint inspection of certain potentially affected residences in the Lakeview subdivision, which resulted from the installation of natural gas lines in an area already served by gravity fed sewers. That recent inspection revealed one additional

instance where a gas line had pierced a gravity fed sewer line. LG&E made the necessary repairs to the underground facilities.

REQUEST FOR INFORMAL CONFERENCE

Set forth below is a proposed plan for determining the approximate location of existing sewer facilities in the service area of Goshen in north Oldham County. Before finalizing such plan, however, Goshen requests an informal conference with Commission staff in order to:

- A. Seek clarification of the Commission Order.
- B. Review the current status of field records for existing underground facilities owned by Goshen. Goshen will bring representative samples of its field records to the informal conference.
- C. Review the costs involved with locating and mapping the existing facilities.
- D. Discuss the manner in which the costs may be recovered by Goshen. Goshen proposes a current customer surcharge to recover the costs involved.
- E. Review the results of the recently completed joint inspection of potentially affected residences in the Lakeview subdivision.
- F. Review and discuss the proposed plan set forth below.

PROPOSED PLAN

Subject to the results of the informal conference, Goshen proposes to implement the following plan to determine the approximate location of existing sewer facilities (services lines and sewer mains) in its service area in north Oldham County:

1. Service Lines. For service lines which connect sewer mains to the homes of customers ("Service Lines"), Goshen proposes to determine the approximate location of the Service Lines using a remote video camera or such other technology which may be (or become) available and useful for such purpose.

2. Sewer Mains. For main sewer lines which collect the sewage discharge from Service Lines ("Sewer Mains"), Goshen believes that its existing field records adequately show the approximate location of such Sewer Mains in its service area. Sample field records of existing Sewer Mains in the service area of Goshen will be provided to Commission staff at the informal conference.

3. Timetable. The following timetable for locating and mapping the Service Lines is proposed:

(a) Within 180 days of the date of the Commission Order, the Service Lines in subdivision areas which are served by gravity fed sewers but which are not presently served with natural gas, will be located via remote video camera.

(b) In other areas served by Goshen, the Service Lines will be located at the time when future construction or other activities make such location necessary or appropriate.

4. Updates to Field Records. The approximate location of the Service Lines, or any changes or correction thereto, will be noted on the field records of Goshen at the time the location is made as provided above.

REPORT TO COMMISSION

Within thirty (30) days following completion of the locating and mapping described in paragraph 3(a) above, Goshen will provide a written report to the Commission setting out the

areas mapped, provide a sample of the updated field records, and note any such other information as may be appropriate in the report.

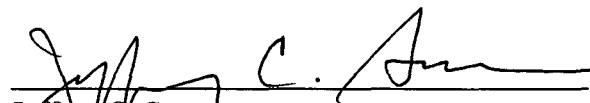
POST-CONSTRUCTION VERIFICATION

Whenever a natural gas line is installed by directional boring in an area already served by gravity fed sewers, additional post-construction safety procedures should be made mandatory by the Commission. The company or contractor responsible for the installation of the new gas line should be required to physically inspect or verify each intersection of a gas line and sewer line to assure that the new gas line has not inadvertently pierced an existing sewer line.

The determination by Goshen of the "approximate location" of its existing facilities, as required by statute and Commission Order, only serves the limited purpose of identifying the approximate location of the existing underground sewer facilities for the company or contractor responsible for the installation of a new gas line. When directional boring is used to install a new gas line, the approximate location identified by Goshen cannot be the basis to conclude that an inadvertent piercing of an existing sewer line has not occurred. In all cases, post-construction verification by the gas line installer must be conducted.

The risk posed by the use of directional boring to install gas lines is illustrated in Pipeline Accident Brief No. DCA-97-FP-005 published by the by National Transportation Safety Board, available at <http://www.nts.gov/Publictn/1999/PAB9902.htm>.

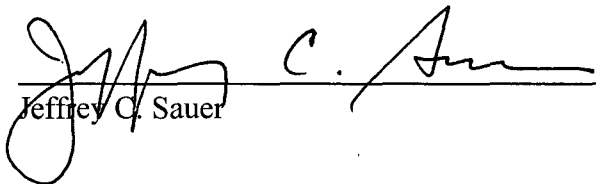
Respectfully submitted,



Jeffrey C. Sauer
Ackerson, Mosley & Yann, P.S.C.
1200 One Riverfront Plaza
Louisville, Kentucky 40202
502-583-7400
Counsel for Goshen Utilities, Inc.

Certificate

A copy of the foregoing Response of Goshen Utilities, Inc. was mailed to Douglas M. Brooks, Louisville Gas and Electric Company, 220 West Main Street, Louisville, Kentucky 40232 on this 10th day of November 1999.



Jeffrey C. Sauer



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

November 4, 1999

Greg Ferguson
Regulatory Affairs Coordinator
Louisville Gas and Electric Company
P. O. Box 32010
Louisville, KY. 40232 2010

Annemarie Beach
Administrative Manager
Goshen Utilities, Inc.
1001 Riverside Drive
P. O. Box 36
Goshen, KY. 40026

Honorable Jeffrey C. Sauer
Counsel for Goshen Utilities, Inc.
Ackerson, Mosley & Yann, P.S.C.
1200 One Riverfront Plaza
Louisville, KY. 40202

RE: Case No. 99-042

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
and)
GOSHEN UTILITIES, INC.)

) CASE NO. 99-042

INVESTIGATION INTO ALLEGED UNSAFE UTILITY)
PRACTICES)

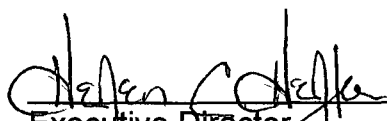
ORDER

Goshen Utilities, Inc. ("Goshen") having requested an extension of time to file a written plan for locating and mapping its existing sewer utilities and the Commission finding that this request should be granted, IT IS HEREBY ORDERED that Goshen shall have until November 10, 1999 to file such plan.

Done at Frankfort, Kentucky, this 4th day of November, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 28, 1999

Greg Ferguson
Regulatory Affairs Coordinator
Louisville Gas and Electric Company
P. O. Box 32010
Louisville, KY. 40232 2010

Annemarie Beach
Administrative Manager
Goshen Utilities, Inc.
1001 Riverside Drive
P. O. Box 36
Goshen, KY. 40026

Honorable Jeffrey C. Sauer
Counsel for Goshen Utilities, Inc.
Ackerson, Mosley & Yann, P.S.C.
1200 One Riverfront Plaza
Louisville, KY. 40202

RE: Case No. 99-042

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)
and)
GOSHEN UTILITIES, INC.)

) CASE NO. 99-042
)

INVESTIGATION INTO ALLEGED UNSAFE UTILITY)
PRACTICES)

ORDER

The Louisville Gas and Electric Company ("LG&E") and Goshen Utilities, Inc. ("Goshen") having requested an extension of time until October 15, 1999 to complete their joint inspection of sewer service lines and the Commission finding that this request should be granted, IT IS HEREBY ORDERED that the parties' request for an extension of time to complete their joint inspection of affected sewer service lines is granted.

Done at Frankfort, Kentucky, this 28th day of October, 1999.

By the Commission

ATTEST:


Executive Director

TO Doctet:

Attached is transcript found
in Legal's files. I believe that
Case file has been sent to ~~archives~~
archives.

Whitaker

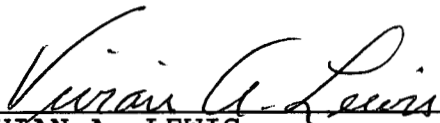
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CERTIFICATE

STATE OF KENTUCKY)
COUNTY OF FRANKLIN)

I, VIVIAN A. LEWIS, a Notary Public in and for the state and county aforesaid, do hereby certify that the foregoing testimony was taken by me at the time and place and for the purpose previously stated in the caption; that the witnesses were duly sworn before giving testimony; that said testimony was first taken down in shorthand by me and later transcribed, under my direction, and that the foregoing is, to the best of my ability, a true, correct and complete record of all testimony in the above styled cause of action.

WITNESS my hand and seal of office at Frankfort, Kentucky, on this the 1st day of March, 1999.


VIVIAN A. LEWIS
Notary Public
Kentucky State-at-Large

My commission expires: 7-23-01

Vivian A. Lewis

COURT REPORTER - PUBLIC STENOGRAPHER
101 COUNTRY LANE
FRANKFORT, KENTUCKY 40601

To: This transcript cover has been sealed to protect the transcript's integrity. Breaking the seal will void the reporter's certification page. To purchase a copy of this transcript please call the phone number listed on the bottom of the front page.

BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

CASE NO. 99-042

FILED

MAR 12 1999

PUBLIC SERVICE
COMMISSION

RE: LG&E/GOSHEN UTILITIES

Pursuant to notice duly given, the above-styled matter came to be heard February 26, 1999, at 10:00 a.m. in the Hearing Room of the Kentucky Public Service Commission, 730 Schenkel Lane, Frankfort, Kentucky 40601; The Honorable Paul Shapiro presiding.

COPY

VIVIAN A. LEWIS
COURT REPORTER - PUBLIC STENOGRAPHER
101 COUNTRY LANE
FRANKFORT, KENTUCKY 40601
(502) 695-1373

BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

CASE NO. 99-042

RE: LG&E/GOSHEN UTILITIES

APPEARANCES:

Hon. Paul Shapiro
Hearing Officer
PUBLIC SERVICE COMMISSION

Hon. Gerald Wuetcher
Legal Counsel
PUBLIC SERVICE COMMISSION

Hon. Douglas M. Brooks
220 West Main Street, P.O. Box 32010
Louisville, Kentucky 40232
Legal Counsel
LOUISVILLE GAS & ELECTRIC COMPANY

Hon. Jeffrey C. Sauer
Ackerson, Mosley & Yann
1200 One Riverfront Plaza
Louisville, Kentucky 40202
Legal Counsel
GOSHEN UTILITIES

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1 HEARING OFFICER SHAPIRO:

2 This is a hearing before the Kentucky Public
3 Service Commission in the matter of the Louisville
4 Gas & Electric Company and Goshen Utilities, Inc.,
5 into--it involves an investigation into alleged
6 unsafe practices. Is Louisville Gas & Electric
7 Company ready to proceed?

8 MR. BROOKS:

9 Yes, we are.

10 HEARING OFFICER SHAPIRO:

11 And is Goshen Utilities, Inc., ready to proceed?

12 MR. SAUER:

13 Yes, we are.

14 HEARING OFFICER SHAPIRO:

15 Can we have appearance of counsel, first for
16 Louisville Gas & Electric Company?

17 MR. BROOKS:

18 Appearing for LG&E, my name is Douglas Brooks, my
19 mailing address is 220 West Main Street, Post
20 Office Box 32010, Louisville, Kentucky 40232.

21 HEARING OFFICER SHAPIRO:

22 For Goshen Utilities, Inc.?

23 MR. SAUER:

24 Jeffrey C. Sauer, S-a-u-e-r, 1200 One Riverfront

1 Plaza, Louisville, Kentucky 40202.

2 HEARING OFFICER SHAPIRO:

3 Apparently we have one preliminary matter here.
4 We have a motion for leave to file a response out
5 of time. Is there any objection on the part of--
6 it is a motion by Louisville Gas & Electric, does
7 Goshen Utilities have any objection?

8 MR. SAUER:

9 We have no objections.

10 HEARING OFFICER SHAPIRO:

11 Then we will allow the motion be filed, the
12 response to be filed as requested.

13 MR. BROOKS:

14 Thank you.

15 HEARING OFFICER SHAPIRO:

16 Any other preliminary matters that we need to take
17 up at this time?

18 MR. WUETCHER:

19 Your Honor, just for purposes of the record, if
20 the Commission Staff could make its appearance.

21 HEARING OFFICER SHAPIRO:

22 Oh, I'm sorry.

23 MR. WUETCHER:

24 For the Commission Staff, Gerald Wuetcher.

1 HEARING OFFICER SHAPIRO:

2 Since they are so quiet I forgot he was there.

3 Okay. Any other matters that we need to take up
4 at this time then? Do you have anything?

5 MR. WUETCHER:

6 The Commission Staff has no additional matters.

7 HEARING OFFICER SHAPIRO:

8 Okay.

9 MR. WUETCHER:

10 We do have one since the response--both utilities
11 have filed responses, we would ask that the
12 responses of both utilities be made a part of the
13 evidence of record of today's hearing and
14 incorporated by reference into the record of
15 today's hearing.

16 MR. BROOKS:

17 No objection.

18 MR. SAUER:

19 No objection.

20 HEARING OFFICER SHAPIRO:

21 Essentially, we have two different--we have both
22 parties who will stand on sort of equal footing so
23 far as the procedure is concerned, so I--have you
24 all discussed who wants to put on their evidence

1 first? Mr. Brooks, would you--

2 MR. BROOKS:

3 I guess we haven't--I don't think it makes a lot
4 of difference. We would be willing to go first.

5 MR. SAUER:

6 That's fine.

7 HEARING OFFICER SHAPIRO:

8 Okay. Mr. Brooks, why don't you call your first
9 witness?

10 MR. BROOKS:

11 Okay. I call James Rush to the stand.

12 (WITNESS DULY SWORN)

13

14 The witness, JAMES WILLIAM RUSH, III, having first
15 been duly sworn, testified as follows:

16 DIRECT EXAMINATION

17 BY MR. BROOKS:

18 Q Would you state your name for the record please?

19 A James William Rush, III.

20 Q And are you better known by your nick name Buzz?

21 A Yes, I am.

22 Q I'll be referring to him that way so nobody
23 thinks we are talking a different language.

24 By whom are you employed and what is your

1 current position?

2 A Louisville Gas & Electric Company, my current
3 position is Manager of Gas Distribution for
4 our eastern service territory.

5 Q And will you please generally explain what
6 your responsibilities are in that job?

7 A I have overall responsibility for the folks
8 who maintain, operate and build our gas
9 distribution center, or gas distribution
10 facilities for our eastern service territory.

11 Q And what does that eastern service territory
12 include?

13 A Basically, it is everything outside of the
14 Watterson Expressway and east of Bardstown
15 Road, including Oldham County.

16 Q And does that responsibility include all gas
17 main extension projects in the eastern part
18 of the service territory?

19 A Yes, it does.

20 Q Would you please briefly describe your
21 college education?

22 A I have a Bachelor's Degree in Civil
23 Engineering from the University of Kentucky.

24 Q And will you briefly describe your employment

1 experience in the natural gas industry?

2 A Yes. I began my employment as an engineer
3 for Texas Gas Transmission Corporation in
4 1980. I worked for them for about eight
5 years and then came to LG&E as a staff
6 engineer for the Division Superintendent of
7 this--the Superintendent of the Gas Division
8 and worked my way up to the management
9 position that I'm currently in.

10 Q And when did you start with LG&E?

11 A In 1987.

12 Q Mr. Rush, can you describe, basically, for us
13 what is directional drilling or directional
14 boring?

15 A Sure. Directional drilling is somewhat self-
16 explanatory but, basically, it is a process
17 that most people that are familiar with
18 drilling process--it is a drill that runs,
19 basically, horizontal and the directional
20 term comes from this drilling head can be
21 guided and it is a method that we use to
22 drill a horizontal hole under yards, streets,
23 whatever we want to drill a hole under in
24 order to install gas pipelines. It is a much

1 less intrusive method, it doesn't require as
2 much excavation of the surface.

3 Q And in what type of activities does LG&E or
4 its contractors use directional drilling,
5 when you are doing what?

6 A Primarily, we use it where we are installing
7 mains in established yards and, typically,
8 that means replacement projects where we are
9 replacing an older main or where we are
10 installing new main in existing established
11 subdivisions.

12 Q How long has LG&E and its contractors been
13 using directional drilling?

14 A We have been using it extensively since 1996.
15 There were a few small projects done, pilot
16 projects done previous to that, but we have
17 used it as a method extensively at LG&E since
18 1996.

19 Q Now, how often and in what instances do we
20 use it and can you give us some kind of order
21 of magnitude of how many, how much pipe has
22 been installed using this over the--since
23 '96?

24 A Well, I can give you--I know some of our

1 staff is familiar with our large scale
2 replacement program that we have embarked
3 upon since 1996 where we are taking large
4 sections of our existing gas infrastructure
5 and replacing the older outdated mains in
6 those areas. And on those projects alone, in
7 our main replacement projects since 1996, we
8 have installed about 70 miles of gas main
9 using directional drilling. In addition to
10 that I mentioned that we use directional
11 drilling for existing subdivisions where we
12 are providing service primarily on petition
13 type work, and we do about 13 miles a year
14 using directional drilling on those types of
15 projects as well.

16 Q Is this technique utilized throughout the gas
17 industry, to your knowledge?

18 A Yes, it is.

19 Q Would you consider this technique to be
20 commonly accepted in the industry?

21 A Yes, I would.

22 Q Is this technique the subject of industry
23 standards or guidelines?

24 A Yes, it is.

1 Q And has LG&E promulgated its own procedures
2 for its and its contractors use?

3 A Yes. We utilize the GRI, Gas Research
4 Institute, publication where the industry
5 develops some standards recognizing that
6 directional drilling is a little different
7 than the old techniques. Some procedures
8 were--some guidelines were published by the
9 Gas Research Institute. We use those
10 guidelines to develop our own in house
11 directional drilling procedures.

12 Q And those procedures were attached to LG&E's
13 response to the Commission's Order that was
14 filed?

15 A Yes.

16 Q Can you summarize, please, what the
17 advantages to a gas distribution utility like
18 LG&E are of this technique?

19 A Well, there is a couple of advantages. One
20 is cost, the cost advantage primarily comes
21 from--the biggest part of installing a gas
22 main is the clean up. Putting the gas pipe
23 in the ground is not an expensive part of the
24 process. The most expensive part is getting

1 the ground back the way it was to begin with.

2 Q And this is after we would traditionally
3 trench, dig a trench throughout a yard?

4 A Yes.

5 Q Continue.

6 A So, it greatly minimizes the cost of
7 restoration on the job. It is also very much
8 an advantage in terms of customer
9 satisfaction. Customers--since we started
10 using that technique our customer complaints
11 have dropped significantly on gas main
12 installation work we believe. And we have
13 gotten some very good feed back from
14 customers where we have done work like this,
15 like they didn't even know we were coming
16 through and comments such as that, where they
17 were used to the older jobs that made a much
18 bigger mess during construction and were
19 difficult to put back to a customer's
20 salification after we completed the job. So,
21 primarily, the customer satisfaction as well
22 as cost advantages to that method.

23 Q Are you familiar with the subject matter of
24 this case, that being the dispute between

1 LG&E and Goshen Utilities about the locating
2 of sewer service lines in the Lakeview
3 Subdivision in the Goshen area?
4 A Yes, I am.
5 Q Can you please briefly describe your personal
6 involvement in this matter?
7 A Well, we were installing a job using
8 directional drilling in February of last year
9 and it came to our attention that there were
10 some sewer services that were damaged in that
11 area. It also came to our attention at the
12 time that Goshen was unable to locate their
13 facilities on that job and was refusing to do
14 so, basically, wanting us to take that
15 responsibility for locating their services
16 and avoiding the damage to them. That was
17 brought to my attention as manager in that
18 area. And I subsequently was involved in
19 discussions with Goshen on trying to resolve
20 that issue and about the controversy over
21 whose responsibility it was to locate their
22 facilities when we are excavating in their
23 area.
24 Q Can you please describe for us the initial

1 Lakeview main extension project, the one that
2 was done, I believe, in February of last
3 year?

4 A Yes. It was a job that involved about 4,300
5 feet of main, affecting about 56 customers, I
6 believe. It took us about four weeks to
7 complete the job.

8 Q Who did the actual drilling, LG&E or a
9 contractor?

10 A It was Hall Contracting.

11 MR. BROOKS:

12 I'm going to hand out an exhibit that we
13 prepared, a map or plats of the job so
14 that everybody has it for reference.
15 I'm going to hand three copies to the
16 court reporter to be marked as LG&E
17 Exhibit 1.

18 Q Mr. Rush, I'll ask you to look at the
19 document I just gave to you and has been
20 marked by the court reporter as LG&E Exhibit
21 1. Will you please identify this document
22 for us?

23 A Yes. If you look at the second and third
24 pages, they are copies of the construction

1 drawing that is used for the construction of
2 the project. The top page--we do these
3 designs on a computer aided drafting tool--
4 and the top page was a much smaller scale so
5 that you can see the entire job without it
6 being broken up as it is on the other two
7 prints.

8 Q On that top page can you point out for us
9 where, if it is, where our gas main, the main
10 that was installed, where or how that is
11 depicted on that top page?

12 A The solid line that you see running through
13 there is the gas line. Looking over here to
14 the far left you will see a dotted line
15 coming down the road there, I don't remember
16 what road that is, but the dotted line
17 depicts our existing gas main that we tied
18 into and the solid line is the new
19 construction.

20 MR. BROOKS:

21 I would ask that LG&E Exhibit 1 be
22 admitted into evidence.

23 HEARING OFFICER SHAPIRO:

24 Any objections?

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MR. SAUER:

No objection.

HEARING OFFICER SHAPIRO:

So ordered.

(EXHIBIT SO MARKED: LG&E Exhibit No. 1)

Q What problems did LG&E encounter when it started on this project?

A Well, we had, as I mentioned earlier, Goshen--typically, on a construction project the contractor will notify the operator either through the BUD One call or directly to locate their facilities. In this case, due to Goshen's not having good records and not having good knowledge of where the facilities were, the Goshen representative met our inspector and the contractor on the job to try to give us, as best they can, location of their services. They admitted that the locations, they admitted that they really didn't know where they were, they could give us--they would try to give us the best they could for where those were located. So, that was--made the job a little more difficult in the beginning in trying to

1 ascertain where their utilities were in the
2 beginning of the job. We did wind up, or our
3 contractor wound up hitting, I think,
4 ultimately, four sewer services on that job
5 and our response to that was to come out and
6 immediately make those repairs and,
7 subsequently, also notify customers that if
8 they did find their sewers not working
9 properly to make sure that they notify Goshen
10 as well as LG&E so that we could come out and
11 take a look.

12 Q Has LG&E, prior to this project, worked in
13 Goshen Utility service area before?

14 A Yes, we had.

15 Q Had we encountered this problem with them
16 before in terms of the locating services?

17 A We--yes, we had encountered the same--we had
18 the same problems even on trenching jobs
19 because even on a trenching job the
20 Underground Protection Act applies,
21 obviously, to that as well, and that we need
22 to try to spot all the utilities prior to
23 trenching to try to avoid damage to any of
24 those utilities. And we had the same type of

1 problems with Goshen in working their areas
2 and maybe a couple of years previous to this
3 one. The difference being it magnified the
4 problem when we used the directional drilling
5 technique because it becomes more important
6 to get those facilities located. I would say
7 that the experience working with Goshen
8 Utilities, our contractors experience working
9 with Goshen Utilities was a good one. We
10 have a good relationship with them and they
11 were very cooperative in attempting to locate
12 their facilities. They just had limited
13 ability to do so. But they were--the people
14 that worked--that met us and our contractor
15 on the job were very cooperative in trying to
16 help us as best they could.

17 Q What, in the general sense, what is LG&E's
18 position regarding who has responsibility for
19 locating underground facilities when we are
20 doing excavation?

21 A LG&E's position is that it is the
22 responsibility of the utility or the operator
23 of the system, the system operator, to locate
24 their facilities prior to an excavator doing

1 work.

2 Q In the procedures for installing pipe by
3 directional drilling that LG&E has
4 promulgated and uses and that we provided as
5 an attachment to the response we filed
6 tomorrow, does LG&E address the location
7 issue?

8 A Yes, they do.

9 Q And do you have a copy of those procedures
10 with you up there Mr. Rush?

11 A I don't believe I do.

12 Q Let me provide you with a copy then.

13 A No, I don't.

14 Q Can you locate for us, tell us specifically
15 what sections in the guidelines address the
16 location issue?

17 A Yes, in 6.1 of these procedures specifically
18 --well, basically, that is the predrilling
19 operations, it is a big part of the
20 predrilling operations. So, if you look at
21 6.1.4 it says that the contractor shall call
22 before you dig at least two, but not longer
23 than ten, working days prior to performing
24 any excavating activities. And then the

1 following section, 6.1.5, it says that the
2 contractor shall spot all utility services in
3 the proposed drill path to determine
4 horizontal and vertical locations.

5 Contractor shall locate and mark all sewer
6 lines and laterals and test hole those along
7 the drill path.

8 Q Is 6.1.5 the obligation of the contractor
9 there to spot, locate, mark, does that occur
10 --tell me in what sequence does that occur in
11 relationship to the location required under
12 the--Before You Dig Act?

13 A Well--

14 Q Who does what first?

15 A It is the responsibility of the contractor to call
16 to have the other utilities located. It is also
17 the responsibility--we want the contractor not
18 just to stop there and trust that everything is
19 perfect there, we want to make it the contractors
20 responsibility to take that extra step to work
21 with the locating utilities to ascertain as best
22 they can the location of the facilities prior to
23 doing the excavating. The purpose of 6.1.5 is to
24 put the burden on the contractor to make sure that

1 they are working with the operating utility and
2 that they understand what they have been told and
3 what the marks mean and the location of those
4 facilities.

5 Q Now, Mr. Rush, you spoke about the broken
6 sewer service lines that were caused during
7 this first Lakeview Subdivision job, what did
8 LG&E do about this?

9 A Well, we were notified--I think the first one
10 was about a week after we had completed the
11 job, we were notified, I believe, by Goshen
12 that we had damaged a sewer service out there
13 and we immediately responded with a crew.
14 Or, actually, with the contractor, had the
15 contractor back out there to work with Goshen
16 and find the damage and repair the damage.

17 Q Did LG&E and Goshen discuss the advisability
18 of sending all the residents along the path
19 of that main a notice about potential safety
20 issues such as those encountered?

21 A Yes.

22 Q Did LG&E, in fact, send such a notice?

23 A Yes. I believe Goshen sent a notice as well
24 as LG&E notifying all the affected customers

1 on that line that if they do have--experience
2 any problems with their sewers that they
3 should notify us as well as Goshen so that we
4 can investigate and determine if it could
5 possibly have been caused by that
6 construction.

7 Q Of primary concern of the parties in this
8 case is the safety or the status of the sewer
9 service lines of the other customers who have
10 not notified either of us that they have had
11 any problems that could have been caused by
12 the sewer service lines being pierced by our
13 main. What has happened, from our
14 perspective, since February of last year
15 regarding inspecting the remaining sewer
16 service lines, what actions have we taken?

17 A Well, first of all, again, we repaired the
18 ones that were damaged, we notified all the
19 customers who were--could be potentially
20 affected by that that if they had any trouble
21 they should call us and Goshen. Subsequent
22 to the last informal discussion we had up
23 here in June or July, in August we met--by
24 we, I mean, that Lloyd--Mr. Eades, myself,

1 Mr. Schroder and the gentleman, sewer person
2 on the PSC staff, met on the job to try to, I
3 think, basically, let's see what we have got
4 out here and see what it looks like and let's
5 see if we can determine a good solution to
6 this situation. During that meeting we
7 discussed some alternatives for what could be
8 done to get those sewer services located so
9 that we could excavate and determine if there
10 was any damage. I suggested to Mr. Eades
11 that we could send a crew out to work with
12 his folks to try to help them find a way to
13 locate those services so that we could
14 excavate. I want to emphasize that we are--
15 that we have--have been all along and
16 continue to be willing to go out there and do
17 the excavation and do the inspections and
18 provide the manpower to do so. It is just
19 that we need to know where they are before we
20 know where to dig.

21 Q Can you describe for us, briefly, your
22 understanding of the problems that are caused
23 when a gas main hits or goes through a sewer
24 service, what could happen to homeowner?

1 A What the--the main concern there is that if
2 you have a gas line going through a sewer
3 service inherently there is no major danger
4 in that situation. Where the potential
5 danger is is if that subsequently causes the
6 sewer service to get backed up and a some
7 type of rotorooter type operation is used to
8 clean out the sewer service, that it could
9 puncture the gas main and allow gas to enter
10 the house through the sewer.

11 Q And in that event you could have a,
12 potentially, literally explosive situation?

13 A There is the potential for that, yes.

14 Q Now, if during the first Lakeview Subdivision
15 project, if a sewer service line had been hit
16 or punctured by the installing of the gas
17 main, how long would it take for the
18 homeowner to notice that a problem with their
19 sewer service line existed if one indeed had
20 occurred?

21 A Well, these particular problems, before, we
22 had showed up pretty quickly. And our
23 experience with this type of situation is,
24 typically, they will show up pretty quick if

1 there is going to be a problem on a sewer
2 service.

3 Q Has LG&E received any calls from residents
4 out there other than the initial four
5 regarding sewer backups or have you heard
6 otherwise of any such complaints?

7 A No.

8 Q What does the fact that no other homeowners
9 apparently have complained of sewer backups
10 tell you?

11 A It tells me that there probably is not any
12 additional damage done to the sewers in that
13 area, although, I would add that, as I
14 mentioned earlier, there is a slight
15 possibility that there could be damage to
16 those services that could cause the sewer
17 line to back up at a future date. My
18 experience tells us that it is going to
19 happen pretty quickly but there is that
20 slight possibility that there could be
21 something that doesn't show up until later.

22 Q Now, LG&E performed a second main extension
23 job in the Lakeview Subdivision last year,
24 did it not?

1 A Yes.

2 Q And about when did that occur?

3 A It was in September time frame.

4 Q Will you please briefly describe what was
5 involved in that job?

6 A That job was about 3,600 feet of main,
7 affected about the same number of customers,
8 I believe, the number was 56 or 57 customers
9 that were on that job. It was a similar job
10 to the original. Southern Pipeline was our
11 contractor that did that job. They bid the
12 job to do it directional drilling.
13 Admittedly, due to communication breakdown on
14 our part, I would prefer they not have even
15 started that job with directional drilling.
16 That was a mistake on our part that that even
17 began that way. But Southern bid the job to
18 do it that way because that was their normal
19 method. They met with Goshen Utilities
20 representatives on the job to again work with
21 them to ascertain the location of the
22 facilities. They spent two ten hour days
23 with contractor personnel and Goshen
24 personnel assisting in locating the, as best

1 they could, where they thought the Goshen
2 utilities were, facilities were. They dug
3 relatively large holes, larger than we
4 normally would to--in the areas where Goshen
5 told us they believed their facilities were,
6 down to a depth below which we would be
7 installing the gas main. Again, spent two
8 days doing all of that work prior to--which
9 is typically what we would do on a job such
10 as this, in digging these holes to
11 determine--to make sure that we can watch the
12 main go through that hole when we are doing
13 the directional drilling. We spent two days
14 doing that and then began the first day of
15 directional drilling. The next day it was
16 brought to my attention that we were in the
17 Goshen area doing directional drilling and I
18 immediately ordered that to be discontinued.
19 Southern Pipeline then completed the job
20 using the older trenching methodology.

21 Q Did the change to the trenching method cause
22 any extra costs?

23 A Certainly.

24 Q Who absorbed those costs?

1 A LG&E did through a change order to the
2 contractor. The contractor, again, bid the
3 job based on using directional drilling
4 techniques and we felt it was only fair to
5 him that he asked to be compensated for the
6 extra expense, for the restoration and extra
7 expense involved in doing--using that method.
8 And we felt it was only fair that we do that.
9 That was about 6,000--\$6,300.00 that we paid
10 him just for that switch from directional
11 drilling to the trenching methodology. There
12 were also some extra expenses so that was
13 paid by LG&E in the form of a change order to
14 the contractor. There were also some
15 significant--relatively significant expenses
16 in that on these jobs there were several
17 locations where Goshen indicated they
18 believed the sewer service was under a
19 driveway. So, we had to break out a number
20 of driveways on that project, as well, and
21 had to hire a--weren't able to find the sewer
22 service under any of those driveways but we
23 had to subsequently have a contractor come
24 back and try to restore the driveway to the

1 customers satisfaction. And that was an
2 expense that we paid, our paving contractor
3 installed. So, with that expense, as well as
4 the change order expense, that cost an extra
5 \$9,000.00, which on 40,000 it was, I don't
6 know, 20% or 30% increase over the other
7 method. And I think that is a conservative
8 estimate. I know our inspector at the time
9 felt that Southern was not trying to gouge us
10 on that, they were really expecting them to
11 ask for more than they did. So, we felt like
12 that was a conservative cost increase. And
13 that doesn't even address the decreased
14 customer satisfaction that we had on the job
15 by having to do the trenching and dig out,
16 basically, a trench across everyone's yard.

17 Q Now, when you talked about the 120 pot holes
18 that were done, to clarify any
19 misunderstanding, the 120 pot holes were done
20 prior, immediately prior, to the commencement
21 of the second Lakeview job?

22 A Yes.

23 Q And that was done in an attempt to locate
24 sewer services?

1 A Yes, that's right.

2 Q And out of 120 how many services were
3 actually found?

4 A I believe three.

5 Q Now, in the--during the time that directional
6 drilling was used in the second job, how many
7 homes, to your knowledge, experienced broken
8 sewer services?

9 A There was one.

10 Q And what was done about that one?

11 A We came out immediately and made the repair
12 on that one as well.

13 Q Now, Mr. Rush, are you generally familiar
14 with the Underground Facilities Damage
15 Prevention Act, also known as the Before You
16 Dig or the BUD Act?

17 A Yes, I am.

18 Q How was LG&E affected itself by this law?

19 A LG&E was affected in that we are both an
20 operator and an excavator. Again, the
21 responsibility, under the Act, of the
22 operator is to provide--basically, the
23 purpose of the Act, the crux of the purpose
24 of the Act is to avoid third party damages,

1 avoid dig ins. And the Act gives specific
2 responsibilities to the excavators as well as
3 specific responsibilities to the system
4 operators. LG&E as a system operator is
5 affected more than we are as an excavator.
6 But our responsibility as a system operator
7 is to provide location when an excavator is
8 going to do work they will call the One Call
9 Center, the One Call Center will notify our
10 contractor that we have hired to do our
11 locating and marking for us and that
12 contractor is dispatched to locate our
13 facilities on that job. So, our
14 responsibilities as the operator is to
15 provide someone to go out and locate our
16 facilities when excavating is to take place.
17 Our responsibility as excavators either on
18 main jobs, on directional drilling jobs, on
19 just simple maintenance is to call the One
20 Call Center within the two to ten day time
21 frame. We will be, as the excavator, we call
22 the One Call Center and allow time,
23 appropriate amount of time for the
24 appropriate locating person, the operators,

1 whoever they have designated to locate their
2 facilities, to go out and locate those
3 facilities and mark those facilities before
4 we go out and do any excavation.

5 Q Is one of the primary responsibilities of the
6 crews that work under you to install gas
7 mains?

8 A The crews--the crews that we have out there--

9 Q As well as contractors?

10 A As well as contractors, most of the work,
11 most of the mains that we install are
12 installed by contractors, although we have
13 crews that are installing mains both by
14 directional drilling and by trenching
15 techniques.

16 Q But installing mains is a major function of
17 your area?

18 A Yes, it is.

19 Q How do utilities that LG&E deals with in gas
20 main extension jobs apply to the BUD law with
21 regard to locating their facilities? What is
22 your experience with that?

23 A Same as we do, as, again, as operators of a
24 utility, they will go out and locate their

1 facilities and mark their facilities prior to
2 the excavation once they have been notified.

3 Q And does this include small municipal or
4 privately owned utilities?

5 A Yes, it does.

6 Q Any exceptions?

7 A The only exception would be Goshen Utilities.

8 Q Now, Mr. Rush, have you had the opportunity
9 to see and read the response to the
10 Commission's Order that Goshen Utilities
11 filed in this case?

12 A Yes, I have.

13 Q Do you have a copy of that with you?

14 A Yes, I do.

15 Q Will you turn to their numbered paragraph
16 three on the second page? And do you see the
17 reference in the last part of that numbered
18 paragraph three to their Exhibit A, the
19 memorandum?

20 A Yes, I do.

21 Q And have you reviewed that memorandum?

22 A Yes, I have.

23 Q Do you have any comments about what the
24 memorandum relates?

1 A Yes, I do.

2 Q Please go ahead.

3 A As I mentioned earlier, what I believe this
4 memorandum refers to is an agreement that was
5 worked out in August when Mr. Eades and I,
6 along with a couple of PSC Staff
7 representatives, were meeting out in the
8 Lakeview area and trying to decide what can
9 we do about this problem. The offer that we
10 made or suggested that we do, is that we
11 would come out with our crew and meet their
12 crew and try to assist them in determining an
13 appropriate method for them to locate their
14 facilities. The part that I take exception
15 to in this memorandum is that it indicates
16 that LG&E would provide the manpower and
17 equipment to hand dig, which we would, but it
18 also indicates that we would take the
19 responsibility to determine the exact
20 location of Goshen Utility facilities, which
21 we did not agree to do.

22 Q And has--have you, on behalf of LG&E or
23 anybody who works for you, made such
24 representation that LG&E would take

1 responsibility for locating?

2 A No.

3 Q I direct your attention on the same page to
4 paragraph numbered 6(a), take a look at that
5 please?

6 A Uh-huh.

7 Q And do you have any comments regarding 6(a)?

8 A Well, 6(a) refers to Goshen making numerous
9 efforts to obtain cooperation. You know, the
10 thing I take exception to there is that I
11 feel that we have been--pushed this issue at
12 least as much, probably more than Goshen has,
13 as far as trying to cooperate. And we have
14 worked, we believe, in a cooperative spirit
15 with Goshen to try to work this problem out.
16 The exception that I take is the inference
17 that Goshen has made greater strides to try
18 to get this worked out than we have. It
19 mentions that Goshen stands ready, willing,
20 and able to proceed with inspection
21 activities. And as I said earlier, we have
22 stood ready, willing to go out and excavate
23 and determine the location or any potential
24 damage as well. All we are asking is that

1 Goshen fulfill their obligation in telling us
2 where we need to be digging to find their
3 sewer services.

4 Q Will you now turn to the next page, the
5 paragraph 6(e) and I direct your attention to
6 the second sentence in 6(e) please?

7 A Okay.

8 Q Do you have any comments on that sentence in
9 particular?

10 A It says Goshen notes that the parties
11 successfully used the pot hole technique to
12 locate the gas lines, gas line/sewer line
13 intersection for the four instances of sewer
14 line piercing already discovered in the
15 construction area. But I wouldn't say that
16 we were successful in doing that, that we
17 ultimately found the damage and were able to
18 repair the damage. But we had to, basically,
19 dig a number of holes in these yards,
20 basically, by trial and error because we
21 didn't have--we didn't know where to dig in
22 order to find the intersection, because we
23 didn't know where the sewer services were.
24 An example of that is that on one of the four

1 we ultimately found that the sewer service
2 was 85 feet from where Goshen indicated that
3 they believed it was. And, obviously, that
4 one took a long time to determine, to find.

5 Q Do you recall in that specific instance what it
6 took to locate the sewer service?

7 A Our crew, along with the customer, and I
8 believe a Goshen Utility as well, tried to
9 determine where the sewer service was and
10 they dug a number of holes trying to find it.
11 Finally, they were able to go inside the
12 house and run a metallic snake out through
13 the sewer clean out and locate that metallic
14 snake which basically located the sewer
15 service and indicated that it was running in
16 a direction quite different than what Goshen
17 had indicated that it was. So, that pointed
18 them in the direction of the different corner
19 of the lot where we ultimately located the
20 sewer service.

21 Q Okay. Let me direct your attention now to
22 paragraph numbered seven and, specifically,
23 focus your attention on the second to last
24 sentence in paragraph numbered seven, and ask

1 if you have any comments regarding that
2 statement?

3 A The sentence beginning with "Not
4 withstanding?"

5 Q The next sentence, near the--second to last
6 line of paragraph seven?

7 A Oh, I'm sorry, "Goshen has not been
8 successful . . .?"

9 Q Correct?

10 A "Goshen has not been successful in obtaining
11 the cooperation of LG&E." Of course I would
12 take issue with that. I believe we have very
13 much attempted to cooperate in this issue and
14 have indicated all along that we are standing
15 ready and willing to go out and provide the
16 manpower to dig and inspect these services.
17 The issue here is that we need to know where
18 these services are before we have any idea
19 where to dig to locate them. And we believe
20 that that is the responsibility of Goshen
21 Utilities as it is in all other--as the
22 operator, as it is in all other excavating
23 activities.

24 Q And then let me finally direct your attention

1 to the next numbered paragraph, paragraph
2 numbered eight. And if you could take a look
3 at that, the--both on page three and page
4 four and let me know when you are done
5 reviewing that.

6 A Okay.

7 Q Mr Rush, do you agree that directional boring
8 in and of itself is inherently risky?

9 A No, I do not.

10 Q Has the natural gas industry found
11 directional boring in and of itself to be
12 risky?

13 A No, they have not. It is an established
14 technique. I will say that there are
15 different procedures that need to take place
16 prior to using the directional drilling
17 technique, as you would in any change in
18 technique. There are different procedures
19 that need to be followed in order to make it
20 a safe procedure, same as there are
21 procedures that need to be followed in the
22 traditional trenching technique in order to
23 avoid the damage.

24 Q The next sentence, the sentence that starts

1 "The four instances of inadvertent sewer line
2 piercing . . .," up near the top on page
3 four?

4 A Uh-huh.

5 Q I'll take a little bit of liberty, to me, it
6 is saying that those--that piercing
7 illustrates that directional boring has
8 inherent risks, do you agree with that
9 characterization?

10 A No. I think the inherent risk come into
11 play--to me, it illustrates the point about
12 the importance of locating and doing the
13 proper planning and up-front work to make
14 sure that you have located facilities prior
15 to doing the directional drilling. That is
16 the point that it illustrates.

17 Q Given the fact that Mr. Eades, when he came
18 into this company, inherited less than
19 perfect records about the location of
20 facilities, are there methods other than
21 having accurate detailed maps that Goshen or
22 any other sewer utility could use to locate
23 their service lines?

24 A Yes, there are.

1 Q Can you describe those briefly?

2 A Well, one that we ultimately used to locate
3 the sewer service that I mentioned earlier
4 that was 85 foot off the location, is one
5 method. You can run a metallic snake through
6 the sewer service then that allows you to,
7 basically, have a metallic conductor that you
8 can use conventional locating techniques in
9 order to locate that service. So, that is
10 one method that we have suggested. Another
11 method that companies use is to run a camera
12 into either the main or the service. Running
13 it through the main, basically, gives you the
14 location of the taps, where those taps are.
15 Because you run the camera in there, locate
16 where the tap comes off of a main, and then
17 you have got a measurement, basically, from
18 that man hole to here is where the tap is.
19 And it gives you an excellent location of
20 where your sewer line is. If you are able
21 to--sewer services typically are large enough
22 to where, instead of running the metallic
23 tape into the sewer service from the sewer
24 clean out, you could also run a camera down

1 through there and, again, locate exactly
2 where that sewer service is. Another
3 advantage to that is that once you have done
4 that, then you, basically, have established a
5 record of where your facilities are located
6 and you can have that record for future
7 reference when these facilities need to be
8 located.

9 Q Just to describe, for the benefit of the
10 record, the metallic tape method, can you
11 describe what is put in the pipe and then
12 what is done utilizing the metallic tape,
13 what is actually physically done to tell the
14 people on the job where the service is?

15 A Well, the problem here is that these sewer
16 services are non-metallic. And conventional
17 locating equipment is--utilizes a conductor--
18 basically, a metallic line in order--or wire
19 in the case of plastic pipe--in order to get
20 a signal that is transmitted to a locator
21 above ground that indicates the exact
22 location or the--a pretty good location of
23 where that line is so that--

24 Q The device--let me interrupt, the device

1 above the ground can sense where metal is
2 located underground?

3 A Yes.

4 Q Continue, I'm sorry.

5 A The metallic--running the metallic tape down
6 through the sewer service, basically,
7 accomplishes the same function as installing
8 a tracer wire as we do on our plastic
9 pipeline because it, obviously--we install
10 most of our lines using polyethylene now and
11 it is also a non-metallic line. And we
12 install tracer wires along with that line to
13 provide the metallic conductor in order for
14 the conventional locating methods to be used
15 to locate where that gas main is.

16 Q Final question, Mr. Rush, is LG&E ready,
17 willing and able to check every sewer service
18 involved in both of the jobs in Lakeview
19 Subdivision?

20 A Yes, we are.

21 Q And what has to happen though before we can
22 do that?

23 A We need to know where they are.

24

1 MR. BROOKS:

2 Okay, that's all the questions I have
3 for Mr. Rush and tender him for cross.

4 HEARING OFFICER SHAPIRO:

5 Let's take about five minutes.

6 (OFF THE RECORD)

7

8 CROSS EXAMINATION

9 BY MR. SAUER:

10 Q Good morning Mr. Rush. I'm Jeff Sauer, I have
11 just a few questions to follow up with you to
12 clarify some of the things that you have testified
13 to. The first point that I'd like to sharpen up a
14 bit is your testimony that problems show up
15 quickly in your experience. Certainly, the four
16 instances of piercing that occurred showed up quickly.
17 Let me describe a scenario that is of concern to
18 us and we are sure of concern to you as well,
19 and that is where the gas line would not squarely
20 pierce the sewer line but would only nick it
21 and nick it in such a way that sewage continued to
22 pass through for months, maybe for years. And
23 two years later, three years later, we had a
24 stoppage, that is the real worry, the hand-wringing

1 that we have been doing. I think that your
2 testimony was accurately put that it is only
3 probably that all the problems would show up right
4 away. So, there is at least a possibility that a
5 problem could show up later. Would you say that
6 that is an inherent risk of directional boring
7 that a problem could show up later?

8 A Well, first of all, we share the same concern
9 and recognize that that is a possibility.
10 And I think I indicated that that is a
11 possibility and a concern that we share. I
12 would say that that is a risk that is
13 involved in any excavating operation that we
14 have found over time where excavators only
15 slightly damage a facility and it doesn't
16 show up until later on, not just in
17 directional drilling but in--also in
18 conventional older techniques.

19 Q You are the expert here and I'm trying to
20 understand. If we did trenching out there I don't
21 think we would be nearly as worried about an
22 accidental nick because we would probably know it
23 when it happened. If you have done directional
24 boring we are mightily concerned that there might

1 be a nick out there, are we off base in our worry
2 that there might be a nick in directional boring
3 whereas in traditional trenching it is not likely
4 to occur?

5 A No. As I said, we share that same concern
6 and we believe that that is the reason why
7 the locating, all these procedures that we
8 have in our directional drilling procedures
9 need to be followed in order to make sure
10 that that doesn't--to insure that that
11 doesn't happen, including the locating of the
12 facilities.

13 Q We may have had the worst case scenario in
14 the Lakeview Subdivision where you pile on
15 all the factors that you wouldn't like to see
16 to use directional boring. In my mind, they
17 are the fact that we have got gravity fed
18 sewers, the fact that the gravity fed sewers
19 are not metallic and they don't have a tracer
20 wire on them, they are just plain plastic so
21 you can't see them, if you will; the fact
22 that the topography in the area, as you know,
23 is quite varied; and the fact that Goshen
24 Utilities field location records are not

1 particularly accurate. Is this an area, in
2 your view, that is susceptible for
3 directional boring, is a good idea to use
4 directional boring when these factors are
5 present?

6 A Yes, I believe that if it is done properly
7 that this area is perfectly applicable.
8 There is one in addition to the things that
9 you mentioned, the factors that you
10 mentioned, another inherent problem there is
11 that, typically, we find sewers located
12 deeper than they are there as well. In
13 Goshen Utilities case we have found that
14 sewer services, primarily mains, are a little
15 shallower or a little less consistent in
16 their depths than you would typically find.

17 Q So, if this area, in your judgement, is
18 perfectly acceptable to use directional
19 boring if it is done properly, tell us how
20 you would do it properly?

21 A The way we would like to see jobs done are
22 the same way that they are being done in
23 every other part of our service territory.
24 And that method involves the operator, the

1 utility going out and locating their services
2 so that our contractor can dig a hole with
3 some degree of confidence and finding,
4 without having to strip out an entire length
5 of a yard in order to find the utility, to
6 insure that the directional drilling does not
7 conflict with the utility.

8 Q So, then, it is the position of LG&E that the
9 burden falls on Goshen Utility to actually
10 locate our existing facilities?

11 A It is the position of LG&E that the
12 Underground Protection Act requires the
13 operator--that it is the intent of the
14 Underground Protection Act for the operator
15 to be responsible for locating their
16 facilities.

17 Q The actual location of their facilities?

18 A The terminology that is used in the Act is
19 "the approximate location of facilities." I
20 don't think it mentions an actual location, I
21 don't have those memorized.

22 Q I think you are correct, it does not use
23 actual location, it uses approximate
24 location. Is it true that in the Lakeview

1 Subdivision you had a choice of construction
2 techniques, you could use directional boring
3 or you could use trenching? Would either of
4 those techniques work?

5 A That's true, we have that choice on all jobs.

6 Q I think you testified that you first started
7 using directional boring in 1996; is that
8 accurate?

9 A We didn't first start using it, but that is
10 when we--that is when it became a standard
11 way of using--we had--our contractors had
12 used that methodology in years--probably,
13 only a couple of years prior to that in
14 limited circumstances before that technology
15 became a prevalent technology. But '96 is
16 when we began using it extensively.

17 Q I don't know if you know this, I live very
18 close to the Lakeview Subdivision, not in
19 Lakeview, but very, very close, and our gas
20 lines were put in by LG&E a couple years ago
21 using trench technology and not directional
22 boring. When did--when was it that LG&E
23 first started widely using directional
24 boring?

- 1 A In 1996.
- 2 Q 1996? Okay. And, so, if this project had
3 occurred before 1996, then you simply would
4 have used trench technology?
- 5 A Probably, yes.
- 6 Q And it would have cost you a little bit more?
- 7 A Cost us a little more and cost us on the
8 customer relations side.
- 9 Q Okay. Let me ask you a few things about
10 directional boring and the kinds of risk that
11 could be attributable to it. And these will
12 be hypotheticals. Suppose you have a
13 subdivision and the only underground existing
14 service is cable TV and you want to use
15 directional boring. What risks are inherent
16 in using directional boring under those
17 circumstances?
- 18 A Well, again the risk, there would be no risk
19 if the cable was located properly and we were
20 able to dig it up and actually observe the
21 directional drilling going through the hole
22 where the cable is located. I think--well--
- 23 Q Very little risk because if you happened to
24 hit a cable TV somebody doesn't get to watch

1 Monday night football but it is not that
2 serious, is that right?

3 A That would be significant for me but I don't
4 know about anybody else.

5 Q Suppose we have the same subdivision and
6 there are two underground existing
7 facilities, one is cable TV and the other is
8 telephone. What risks are present in
9 circumstance of using directional boring in
10 that subdivision?

11 A Again, the risks are very small if it is
12 located properly. But I think what you are
13 getting at is the risk is less, is not
14 greatly significant if those particular
15 utilities are damaged then the risk is only
16 that someone won't be able to talk on the
17 phone or watch TV.

18 Q Right, nothing life threatening?

19 A Right.

20 Q How about if we have the same subdivision and
21 we have three underground facilities, we have
22 cable TV, which we could hit and knock
23 somebody off TV for a while, and we have
24 telephone which means that their telephone

1 call might be cut off, and we also have
2 water. Now, what would happen if
3 inadvertently there was a piercing of the
4 water line going into a house, is that--what
5 risk do you view that to be?

6 A Only a risk of losing water service and
7 making a mess in the restoration of that job.

8 Q And yet on the other hand, we have got a risk
9 for gravity fed sewer just because of the
10 nature of it, it is a big round pipe that the
11 gas line can pass through if you accidentally
12 hit one, that would seem to me to be a
13 significantly greater risk of damage to
14 property, injury to person or even death if
15 the worst case scenario happened. Am I
16 thinking about that correctly?

17 A Well, again, the problem is caused just by
18 the piercing of the sewer is not a dangerous
19 situation because it would be the same as the
20 cable, as the water, you may potentially make
21 a mess. The danger is not inherent in that
22 exact operation, the danger is where we
23 talked about earlier is if subsequent it
24 causes that sewer line to be blocked off and

1 someone were to run a rotorooter type of
2 thing through that sewer line and puncture
3 the gas line.

4 Q To our way of thinking, so that we can make
5 sure we are on the same page here, if--if
6 this is the worst case that we hope never
7 happens, but if the worst case did happen
8 where a newly installed gas line just nicked
9 a sewer line and three years passed and then
10 there was a stoppage and the rotorooter went
11 down that sewer line to clear it out and hit
12 the gas line, the gas would flow back into
13 the home, probably out into the sewer and
14 maybe into other homes which could
15 potentially ignite. We could have a
16 catastrophic situation; is that not correct?

17 A That is a possibility, yes.

18 Q If you could look at the attachment to the
19 response of LG&E at number one.

20 MR. BROOKS:

21 Is that the procedures?

22 MR. SAUER:

23 Yes.

24

1 MR. BROOKS:

2 Do you have the procedures with you?

3 A Yes.

4 Q To whom are these procedures addressed? Who
5 do you give them to? Do you give them to the
6 contractor, do you give them to LG&E
7 personnel, who receives these Installation
8 Polyethylene Pipe by Directional Drilling
9 Guidelines?

10 A These procedures are a part of the
11 specifications that we include in any
12 contract that we have with our contractors.
13 For one, so they are given to the contractor,
14 not just one time, but every time we give a
15 contract to the contractor these
16 specifications are included. In addition to
17 that, these procedures are given to our
18 pipeline inspectors who are responsible for
19 inspecting the work of the contractors, they
20 are given to our engineering group and anyone
21 else who would have a need to know, including
22 myself, what our specifications are for
23 contracted work.

24 Q Okay. We have talked about the fact that

1 sometimes in some subdivisions that
2 directional boring is not risk free, but
3 virtually so. You are talking about hitting
4 a cable TV line or telephone line or water
5 line, that is not very risky. And on the
6 other hand, if you are talking about an area
7 that is served by gravity fed sewers in an
8 area that has varied topography and poor
9 field location records, that has some risk.
10 It may be a small risk but the catastrophic
11 example that we just talked about is there.
12 Where in these instructions to your
13 contractors do you talk about those kind of
14 risk factors?

15 A Well, they are the reason those risks were
16 recognized by the industry and they are the
17 reason that these procedures are written.
18 The predrilling operations, for example, the
19 purpose of those predrilling operations is to
20 insure that that doesn't happen or to
21 mitigate the chances of anything like that
22 happening.

23 Q But I don't see anything in here about
24 gravity fed sewer. I mean, that would seem

1 to me to be a pretty important thing to talk
2 about, that is where the real risk is.

3 A It is here. I can reference several. 6.1.5
4 mentions that they will locate and mark all
5 sewer lines and laterals, 6.1.7 specifically
6 references sanitary and storm sewers, other
7 drainage systems. Throughout here we
8 specifically--6.2.3, test holes shall be used
9 to observe the drill head as it passes by
10 exposed sewer laterals and other
11 substructures. Throughout here we reference
12 sewer lines in our procedures as a particular
13 risk.

14 Q I guess when I read through that I just
15 didn't pick up on any of that identifying a
16 particular risk for somebody to be aware of,
17 to deal with. And I guess my next question
18 to you is how did it happen that we hit three
19 of them in the Goshen Utilities service area,
20 hit four of them? Hit three in the original
21 construction area and then the fourth one in
22 the second, how did that happen in your
23 judgement?

24 A Well, we do, you know, we mention sewer in

1 here for a reason, because we recognize that
2 the risks are greater with the sewer line
3 than they are with cable TV line. The reason
4 that they were hit in those circumstances is
5 because when we were doing the directional
6 drilling we were using locations provided by
7 Goshen Utilities to determine where those
8 lines were. We were digging holes
9 significantly wider than we normally would
10 where we had greater confidence in the
11 location of facilities. Typically, we
12 believe that the sewer lines are going to be
13 deeper than wherever we install gas lines and
14 had some confidence that the location of
15 those sewer lines were at least somewhat
16 accurate. And the reason they were hit is
17 that the operations that we used in our
18 predrilling operations weren't successful
19 because the lines weren't located to any
20 degree of accuracy.

21 Q Is there any lesson that Goshen Utilities
22 should take from this, and LG&E should take
23 from this, from the fact that we hit four?

24 A Yes.

1 Q And what would that be?

2 A Well, I believe the lesson learned here is
3 that it is very important that we go to the
4 degree, every degree possible, in order to
5 locate as accurately as possible the
6 utilities to make sure that we avoid these
7 kinds of damages. And for us, subsequently,
8 once they have been--the methods have been
9 used to accurately as possible to locate
10 those services, then for our contractors or
11 us to take care in digging those out and
12 making sure that these type of things don't
13 happen.

14 Q Do you think that for future construction in
15 this area that it will be necessary to
16 positively identify the intersection of the
17 gas line and the sewer line to make sure that
18 there hasn't been an inadvertent hit or nick?
19 In other words, to actually dig it up and
20 see?

21 A I believe that that should take place, yes.

22 Q We do too. Do you think that the cost of
23 actually digging up and physically locating
24 that intersection is going to mean that the

1 total cost of directional boring is going to
2 be pretty darn close to the cost of
3 trenching? Are we saving any money here in a
4 subdivision like this where we have to go
5 through all this extra cost and effort to
6 positively identify the intersection, is
7 directional boring really saving any money
8 over trenching?

9 A Yes, it is. I believe the example we gave
10 earlier where it cost us \$9,000.00 more on
11 this same job in order to do the trenching
12 because of the extra restoration. Our
13 contractors have included in their bill for
14 directional drilling to make those--to dig
15 those holes to positively inspect and
16 identify the sewer services. So, that is
17 included in the price for directional
18 drilling. So, again, we are going to require
19 our contractors to do that. But in order
20 for--to, in good conscience, us make them do
21 that, we can't require them to dig up an
22 entire yard in order to find that
23 intersection. We need Goshen Utilities or
24 any of the operators to do the best job they

1 can to locate those services and fulfill
2 their part of the obligation so that our
3 contractor can dig small holes, not dig a
4 large number of holes in customers yards in
5 order to locate that intersection.

6 Q We are committed, Goshen Utilities is
7 committed to that cooperation. We recognize
8 our field records are not that accurate but
9 they are available and have brought them out,
10 as you probably know, and spread them on the
11 hook of a truck to try to figure out what it
12 is what. Robert Huffman is our supervisor
13 that has the most experience and he is
14 available to do these inspections as well.
15 On the 85 foot variance where you--the
16 original hole and the subsequent hole was
17 that far away, that occurred on a Sunday
18 afternoon, and since I live out in that area
19 I was physically there and observed that
20 ordeal. We dug three holes to finally find
21 where it was located. I'd like to turn next
22 to the--what to do about the 31 potentially
23 affected homeowners that are out there now.
24 I guess first, do you agree that there are

1 approximately 31 residences in the Lakeview
2 Subdivision that need to have some attention
3 paid to them to be sure that there isn't an
4 inadvertent nick?

5 A Yes, I agree with that.

6 Q Do you agree that the way to do that is to
7 dig up and physically inspect that
8 intersection?

9 A I believe that is the best way to do it, yes.

10 Q Is LG&E prepared to--I mean, we are prepared
11 to show up Monday morning, that may be too
12 soon for a larger entity, are you--is LG&E
13 prepared to start inspections next week?

14 A Yes.

15 Q Is LG&E prepared to bring a backhoe?

16 A Yes.

17 Q May Lloyd Eades call you after this hearing
18 and set an exact time next week that LG&E
19 will show up and Goshen Utilities will show
20 up and to commence inspections?

21 A Yes. Again, we would ask that Goshen
22 Utilities takes whatever measures are
23 necessary to accurately locate those lines
24 prior to us doing that so that we don't have

1 to dig a number of--strip out an entire yard
2 in order to find that. That's all we are
3 asking, but we are prepared to dig it up and
4 locate those with the appropriate measures
5 taken to locate the sewer service.

6 Q Great. Let me describe what we think our
7 obligation is and tell me if you disagree in
8 what we are prepared to do. Goshen Utilities
9 is prepared to show up any time next week as
10 soon as you guys are ready. If Monday is
11 workable for you, we will be there Monday,
12 any day after Monday is fine too, we'd just
13 say the sooner the better. We will have with
14 us our field location records for that area.
15 I think you may have seen those already. We
16 will bring Robert Huffman, who is the most
17 senior individual and has the most personal
18 knowledge of the area, is the best spotter,
19 able to provide the most guidance. Robert
20 has some equipment that can help locate hard
21 to find pipes. In fact, that 85 foot
22 variance area Robert was able to locate that
23 by going into the house and running a metal
24 tracer wire in it. If we show up with those

1 individuals with those records, is LG&E
2 satisfied to go forward on that basis with
3 their backhoe?
4 A Well, our preference would be that Goshen
5 Utilities, because it--we recognize it is
6 going to be a more significant effort than
7 what has happened in the past in order to try
8 to come up with an accurate location of the
9 records. By the way, Mr. Huffman has been
10 very--our folks like working Mr. Huffman, he
11 is very cooperative, very helpful. We would
12 --our preference would be that Goshen would
13 go beyond what they have done in the past to
14 locate those services and employ some of the
15 methods that we mentioned earlier so that we
16 don't wind up going out there and spending a
17 lot of time, more time than needs to be
18 spent. So, our preference would be that
19 Goshen would do the preparatory work to
20 accurately locate those services prior to us
21 coming out there and doing the excavation.
22 But just as soon as that takes place we are
23 ready and willing to come out and make the
24 excavations.

1 Q Now, I'm not sure from your testimony now if
2 you are willing to show up next week with a
3 backhoe and roll up your sleeves and get to
4 work or not?

5 A Yes.

6 Q You are?

7 A Yes.

8 Q We will commit to being there, we will be
9 there next week and--

10 MR. BROOKS:

11 Well, I'm going to interpose an
12 objection. I don't think this is the
13 appropriate forum to reach some kind of
14 agreement or extract a business
15 commitment. We will certainly be glad
16 to talk in some detail about this
17 situation and what can be accomplished
18 next week. And if we can do something
19 we will do that. But I'll object to
20 the--the form of the line of
21 questioning.

22 HEARING OFFICER SHAPIRO:

23 I'm going to sustain the objection. I
24 think the witness can testify as to what

1 methods he would recommend to address
2 the problem, but I don't know at this
3 point whether he can commit to what will
4 actually be done in order to address the
5 problem. But I think you can ask him
6 about what does he recommend, how would
7 he recommend remedying the situation
8 that is out there now.

9 Q How would you recommend solving the situation
10 that is out there now?

11 A I would recommend that Goshen Utilities
12 personnel use one of the methods that I--I
13 don't want to tell Goshen how to do their
14 job, again, all I'm doing is I'm aware of
15 some techniques that can be used for this
16 type of situation because other utilities
17 have employed them. I would recommend they
18 use one of the--either the running--accessing
19 the customer's property to run a snake out
20 through and then staking out the line,
21 marking the line however they choose to do
22 that, to provide an accurate location.
23 Either that or using--there are a number of
24 contractors who will--you can hire to use the

1 camera technique to visually inspect and
2 locate gas mains and services or the cameras
3 are commercially available to purchase. So,
4 I would recommend that Goshen Utilities use
5 one of those two methods to accurately--more
6 accurately locate the location of their
7 services so that we can come out and have
8 confidence that wherever we dig a hole we
9 will find a sewer service.

10 Q Do you agree that the responsibility for
11 locating underground facilities is subject
12 to--the subject of the Underground Facilities
13 Damage Protection Act?

14 A Yes.

15 Q Do you think that that Act is controlling on
16 responsibility for location?

17 MR. BROOKS:

18 I'm going to object if he is asking for
19 a legal conclusion from this witness.
20 To the extent, from his field
21 experience, he can--

22 HEARING OFFICER SHAPIRO:

23 Yeah, from his field experience he can
24 answer it, but--what his understanding

1 of their responsibility is. I recognize
2 that what--whose obligation is what
3 under that Act is a matter of--to be
4 decided by an appropriate forum.

5 A Would you rephrase the question?

6 Q Do you agree that the Underground Facilities
7 Damage Protection Act is determinate of the
8 parties responsibility for locating existing
9 facilities?

10 A Yes, I do.

11 Q Is it your understanding that that Act
12 provides that Goshen must inform the
13 excavator, that would be you in this
14 circumstance, of the approximate location of
15 its existing underground facilities?

16 A Yes.

17 Q Do you agree that the statute--is it your
18 understanding that that statute would--means
19 with respect to approximate location for non-
20 metallic facilities without a tracer wire
21 that Goshen must locate its underground
22 facilities as accurately as possible from
23 field location records?

24 A That's what the statute says.

1 Q That is your understanding?

2 A My understanding of what the statute says. I
3 would add that I believe that it is the
4 intent, it is clearly the intent of that
5 statute that it is the responsibility of the
6 operator to locate that service. And I
7 believe it is the intent of that statute,
8 again, that is my opinion and it is not
9 specifically written in the statute. It is
10 my opinion that it is the responsibility of
11 the operator to use means to take
12 responsibility for locating that facility to
13 the best of their abilities. I believe that
14 intent is clear.

15 MR. SAUER:

16 That's all the questions that Goshen has
17 for this witness.

18 HEARING OFFICER SHAPIRO:

19 Before I turn you over to Mr. Wuetcher, let me
20 just ask you something, clarify something on my--I
21 believe you testi--I believe it was your testimony
22 near the end with respect to the responsibilities
23 or the functions that would be performed by both
24 parties here, it was your recommendation, and

1 correct me if I'm wrong, that you were--it was
2 your recommendation that Goshen would first locate
3 the underground facilities, underground sewer
4 facilities, and that it was your proposal, let me
5 say, your proposal was that Goshen would first
6 locate the underground facilities using any method
7 that they could do so, but two that you
8 recommended, either running a wire through or a
9 snake through the system or a camera. And that
10 after they located the facilities sufficiently for
11 you to identify where they were under the ground,
12 then LG&E would then excavate to determine where
13 the problems were as far as any connection of the
14 two lines; is that right?

15 A That's correct. That's the methods that we
16 typically would expect.

17 HEARING OFFICER SHAPIRO:

18 I mean, that is the method that you are proposing?

19 A Yes. And that is the method that we
20 typically use on jobs like this. And I might
21 add in addition to that we would, of course,
22 want Goshen Utilities representative to be
23 there with us when we are doing the
24 excavation.

1 HEARING OFFICER SHAPIRO:

2 Well, I understand that. I was just trying to get
3 an overall view of what you were saying. Okay, go
4 ahead.

5 MR. WUETCHER:

6 Thank you, Your Honor.
7

8 CROSS EXAMINATION

9 BY MR. WUETCHER:

10 Q Good morning Mr. Rush.

11 A Good morning.

12 Q Can I go back to LG&E Exhibit 1, I'd like to
13 try to get a better idea of what parts were
14 involved in the first phase of that
15 subdivision main extension and which parts
16 were involved in the second phase, so I--

17 A The Exhibit 1 is only the first phase.

18 Q Okay.

19 A We did not have an exhibit showing the second
20 phase, so this is the 4,300 foot affecting 56
21 customers that I referred to earlier.

22 Q Okay. Very good. So, let me ask, the next
23 question I have concerns--you have 56
24 customers and I believe you stated in

1 response to a question from Mr. Sauer about
2 there were 31 potentially affected residence,
3 nine of which were in the subsequent
4 expansion or subsequent extension which is
5 not reflected in Exhibit 1; is that right?

6 A Correct.

7 Q Okay. For the 22--I want to make sure I can
8 get to the 22--although there were 56
9 customers, I assume that a number of
10 customers were automatically eliminated
11 because the main extension was on--was not on
12 their side of the street; is that correct?

13 A Either that or we eliminated the other
14 customers because Goshen's mains run either
15 on the other side of the street or even
16 behind houses or in a totally different area
17 than where the gas main was run. So, that is
18 correct.

19 Q Okay. Is it possible for you to identify
20 which of these are locations that are on this
21 map are the ones that have got the services
22 in question?

23 A Since I'm not familiar with Goshen's
24 facilities, perhaps Mr. Eades could identify

1 better than I.
2 Q Okay. Well, so your--is--could someone else
3 at LG&E identi--I guess what we are looking
4 at right now if you could identify the ones
5 that either have been eliminated because they
6 had damaged sewer service lines and those
7 were repaired or that you have eliminated
8 from--in some other way, or LG&E can supply
9 an exhibit that would show that.

10 MR. BROOKS:

11 Mr. Wuetcher, what you are asking for is
12 the map we left at home. It is the
13 great big map that we actually had out
14 on the job and I believe somebody from
15 Goshen had marked on there where lines
16 were. Anyway, the specific lots
17 involved, I believe, and my people can
18 correct me if I'm wrong, are identified
19 on that map.

20 MR. WUETCHER:

21 Okay. If you could supply an easily
22 replicable copy of that or give us a
23 listing based on the numbers that you
24 have got on Exhibit 1 so that we can go

1 ahead and--

2 MR. BROOKS:

3 Yes, if we can reproduce that one
4 legibly we will do so, if not we will
5 give a list of the addresses that are
6 legible on the second and third page of
7 Exhibit 1.

8 MR. WUETCHER:

9 Okay, and that would be acceptable.

10 HEARING OFFICER SHAPIRO:

11 Wait a minute.

12 MR. BROOKS:

13 We do have a list of names and addresses
14 supplied to us by Goshen that we--that
15 they advised us we should send our
16 letters to these people and we are
17 assuming from that that those are the
18 affected ones. If perhaps immediately
19 after the hearing we will go through and
20 count and compare and if that is correct
21 we can submit that as a late filed
22 exhibit.

23 HEARING OFFICER SHAPIRO:

24 Why don't we do it over lunch?

1 MR. BROOKS:

2 Fine.

3 MR. WUETCHER:

4 I was hoping we would avoid having to do
5 anything over lunch, that the hearing
6 would be concluded before lunch.

7 A To clarify, if I may, Mr. Wuetcher, the 22 were
8 not just identified by LG&E. That was LG&E
9 working with Goshen Utilities to agree upon which
10 ones could be potentially affected. And I think
11 also on the last page of that, and help me Lloyd
12 if I'm wrong, but on the last page I think it does
13 show the sewer line in more detailed drawing.

14 HEARING OFFICER SHAPIRO:

15 Wait a minute. You just answer
16 questions and we will take some breaks
17 and we may be able to resolve some of
18 this during a break or during lunch or
19 what have you. But we don't need--it
20 would really confuse the record if you
21 all have some cross conversation during
22 the course of the proceeding.

23 MR. WUETCHER:

24 Our purpose in requesting that is simply

1 to make sure that we understand--I
2 assume the parties are in agreement on
3 the number of customers and who those
4 customers are that are potentially
5 affected or that remain to be inspected
6 and that is what we are looking for,
7 simply the addresses and a specific
8 number.

9 Q On the other nine, were those nine customers
10 the ones that directional drilling was used
11 on the first full day of drilling for the
12 second project?

13 A That's correct.

14 Q So, those are all those--everyone that was
15 done on the first day the drilling was done
16 for the second project?

17 A I believe there is a little bit of drilling
18 on the second day, it was the second day, I'm
19 not--I don't have all of these facts
20 committed to memory,--

21 Q Okay.

22 A --but I believe there was one full day of
23 drilling and early on the second day there
24 was a small amount of drilling that was done.

1 So, the nine were from that first day and
2 early in the second.

3 Q Okay. If you could--those would be part of
4 the 31 that are listed. If you could
5 identify the--also, of that list of 31, the
6 nine that are on the second phase extension.

7 MR. BROOKS:

8 We will provide those.

9 Q During the first phase, in addition to any of
10 the three sewer line intersections or
11 piercings, were there any problems or any
12 disruptions of the--any other services,
13 cable, telephone?

14 A I believe it was four sewers, right, that
15 we--

16 Q Was it four sewers?

17 A I think we--there was four sewers that--

18 Q I assumed the fourth one was on the second
19 project. There were four sewers on the
20 first--four sewer innerpiercing on the first
21 project?

22 A Specifically, one of the four, it seems to be
23 either three or four, but one of the four was a
24 branch service, to my understanding. So, that the

1 serve itself affected two customers, but it was
2 only one service that was damaged, I believe, is
3 my understanding. But we believe it is four on
4 the first job that were damaged and one on the
5 second job.

6 Q Okay. Can you provide us with a list of the
7 three or four customers whose services were
8 pierced and the addresses also?

9 MR. BROOKS:

10 The ones that were--that complained and
11 have the services fixed? We will
12 provide that.

13 Q You stated in your testimony that one service
14 line was pierced or broken during the second
15 phase. Was that as a result of the
16 directional boring or the result of using the
17 trenching technique?

18 A That was a result of the directional boring.

19 Q I apologize, I can't recall now, on the first
20 phase of the project were there any services,
21 telephone, water, cable TV services that were
22 either pierced or disrupted as a result of
23 the directional boring?

24 A I'm afraid I can't answer that question. We

1 can go back and get you that answer, but I
2 don't know that personally.

3 Q If you could supply us with that?

4 MR. BROOKS:

5 Yes, we will supply that.

6 Q You had stated that as a result of having to
7 return to the trenching techniques on the
8 first project, LG&E incurred additional cost
9 of approximately \$9,000; is that correct?

10 A Yes.

11 Q Has any action been taken to recover that
12 \$9,000 from Goshen?

13 A No.

14 Q At this time does LG&E contemplate any action
15 against Goshen to recover that amount, to the
16 best of your knowledge?

17 A No, we have not discussed that.

18 Q What other sewer utilities operate within the
19 eastern territory that you supervise over?

20 A Metropolitan Sewer District is the largest,
21 the main Louisville Sewer District, and I'm
22 sorry, Mr. Wuetcher, I don't know, there are
23 other municipalities that operate out there
24 and I don't--

1 Q All right. Well, let me kind of narrow it
2 then. Are there any other sewer utilities
3 within that area that are privately owned
4 sewer utilities, that are not municipally
5 owned or part of the MSD umbrella?

6 A I believe that there are but, again, that is not
7 something that I'm intimately--have intimate
8 knowledge of.

9 Q It is somewhat unclear of the 22 services
10 that are--that may be potential problems
11 within the first project, what--aside from
12 the notice that was given by LG&E, what other
13 efforts have been taken to inspect where the
14 gas main and service lines, sewer service
15 lines would intersect?

16 A The other effort, of course, giving the
17 notice to the customer because, again, the
18 inherent dangers if someone should ever run
19 the rotorooter down through there that is the
20 danger. And, so, Goshen, as well as LG&E,
21 notified each of those customers if they ever
22 have any problem to make sure they notify one
23 or both of us. In addition to that, we
24 mentioned that we had hoped, we made--we

1 agreed with Mr. Eades to have our crews come
2 out and try to assist them in coming up with
3 a methodology to locate those sewer services
4 so that we could inspect those services.
5 That effort lasted a full day and, again,
6 they were unsuccessful in getting a location
7 of those services. So, we have not dug any
8 more inspection holes for the reason that we
9 don't know where to dig.

10 Q Okay. Step back from there, there has been
11 one day of effort on the part of Goshen and
12 LG&E to inspect these lines and you are
13 saying on that day there were some holes dug?

14 A There were no holes dug on that day. A
15 couple of things were done on that day, our
16 crew also tried to--got the depth of the gas
17 line as well as the sewer lines where we
18 could to try to narrow down further where
19 there may be potential, even narrow the 22
20 down further if, for example, we typically
21 expect the sewer line to be significantly
22 deeper than where we lay our gas lines. And
23 we took depth readings of the gas lines where
24 in the yards where the Goshen told us they

1 believed the services were and determined
2 that in the majority of those there shouldn't
3 be any concern as well because of the depth
4 differences of where we believed the sewer is
5 and where the gas line is. But there weren't
6 any more holes dug because, again, we were
7 unsuccessful in determining a location to
8 dig.

9 Q Now, let me step back to that point because
10 that is also mentioned in the LG&E's
11 response. Exactly how--you said the majority
12 but can you give us an actual number that
13 using this method of measuring the depth of
14 the gas main and looking at the sewer
15 manholes that you were able to determine--how
16 many were you able to eliminate, at least in
17 your alls mind, as to the existence of a
18 problem by using this method?

19 A I can't give you that number. I wasn't there
20 personally but in discussion with the crew
21 that was there, all they indicated to me that
22 the majority of the services out there--most
23 of the services out there were--the
24 difference in elevation was such that they

1 don't believe that there is much of a
2 chance but--

3 Q Were these measurements recorded or do you
4 have a written report on this that identify?

5 A The measurements were recorded on a drawing.

6 Q Okay. So, could you provide it to us?

7 A I have that drawing with us as well.

8 Q That can be provided to the Commission?

9 A Yes.

10 Q If that could be provided plus you can list
11 or indicate on that list that you are
12 providing us already which of those houses or
13 residences that you believe, or that LG&E
14 believes can be eliminated as a result of
15 this depth difference.

16 A Okay.

17 Q Let me ask, based on this difference in
18 depth, does LG&E believe that that is an
19 accurate measurement or an accurate within a
20 reasonable certainty that that shows that
21 there is no piercing of the sewer service
22 lines by the gas main installation?

23 A The depth readings that were taken on the
24 sewer line and this is a--the technology to

1 identify depth of lines is not as accurate as
2 the technology that is used to identify a
3 vertical location of a sewer line. So, I
4 don't know what the specifications of that
5 equipment are as far as plus or minus, but
6 it--all I can say is that the technology to
7 determine depth is not as good as the
8 technology to determine vertical locations.

9 Q Well, let's put it this way, if you were one
10 of the owners of the residence that were--one
11 of the affected residents, would you feel
12 comfortable using the depth measurement in
13 order to eliminate your residence as a
14 potential problem?

15 A It would depend on how much difference that
16 reading gave. If the difference was two
17 foot, yes, I'd be very comfortable, if the
18 difference was one inch then I would not be
19 comfortable.

20 Q What criteria did you all use, did LG&E use
21 to eliminate those--how much of a difference
22 in depth was used to say that this house is
23 not going to pose a problem?

24 A Again, I'm going by what my crew indicated to

1 me. And I'm not certain what criteria they
2 used in order to determine that.

3 Q Could that also be provided in a follow-up
4 response, just the criteria that was used to
5 determine that a house--whatever the depth
6 was or the difference in depth that was used
7 to determine that a house would not--would be
8 out of danger, for lack of a better term, and
9 I use that only, don't use that to say
10 anything other than give an indication.

11 MR. BROOKS:

12 Yes, we can provide that.

13 Q Under normal circumstances when a line is marked
14 by the, I guess by the operator, for LG&E's
15 contractors, does that location or marker give the
16 contractor a vertical location, how far down the
17 other facility is located?

18 A No. Typically it does not give a depth.

19 Q How has that been determined?

20 A The normal methodology that is used, and I
21 can speak for our construction techniques on
22 directional drilling, is that the contractor,
23 once they have a location, will use--where
24 they have pretty good confidence that the

1 location is accurate, they will try to dig
2 the smallest hole that they can dig, using a
3 posthole digger. The pot hole technique that
4 we have referred to in here means using a
5 posthole digger not, you know, the same thing
6 you would use to build a fence, and to dig
7 down to a depth below where the gas line is
8 going to be positioned so that you can watch
9 the gas line go through the hole and verify
10 that it is not hitting anything.

11 Q Uh-huh.

12 A Did that answer your question?

13 Q I'm not sure it does, let me find out. Under
14 your alls, LG&E's standard operating
15 procedures, what is normally the allowable
16 distance or the minimum distance between, for
17 example, your gas main, your gas line and
18 another utility service?

19 A How much clearance do we like to have between
20 ours and--a foot is what we typically would
21 use.

22 Q Okay.

23 A I would add the foot is, I think, I don't
24 believe there is any DOT code that says

1 separation, but we like to have enough room
2 where possible so that if we do need to
3 maintain that line that other utilities don't
4 get in the way.

5 Q Is the 12-inch rule strictly enforced? In
6 other words, your contractors are told not to
7 go if the depth is--to not have any depth
8 less than 12 inches?

9 A No. There is judgement that is exercised on
10 the job. And, again, the reason for the
11 separation is to try to make sure that we are
12 able to work on a line should we need to, and
13 there is judgement used in the field by the
14 inspectors and the contractors where--
15 sometimes that clearance just isn't practical
16 to get.

17 Q Is the same clearance requirements--are the
18 clearance requirements the same both for
19 directional boring or directional drilling
20 and where a trenching technique is used?

21 A Well, again, that is a guideline and we
22 haven't specifically identified that there is
23 any difference between clearance requirements
24 between the two. But, again, judgment is

1 used in the field to determine is that okay
2 or not based on the circumstances used. And
3 there are number of circumstances where that
4 amount of cover, due to the location of
5 utilities, the location of other
6 substructures, where we would allow it to be
7 much less than that.

8 Q You say it is judgement, is the judgement
9 call made by the contractor or is it made by
10 LG&E personnel?

11 A The judgement is made in conjunction, our
12 contractor with consultation of our LG&E
13 inspector.

14 Q So, any time it goes less, when the clearance
15 is less than 12 inches the contractor will
16 normally advise LG&E that there is a minimum
17 clearance less than 12 inches and give his
18 opinion or his professional judgement and
19 LG&E will--or consult with LG&E over it.

20 A We would expect, we have a pretty good
21 working relationship with our contractors.
22 We expect them to bring anything of any
23 concern to the contract to the inspector for
24 them to look at together to determine whether

1 it is okay or not.

2 Q How does LG&E insure compliance of its contractors
3 with both its directional drilling procedures and
4 with its other contract requirements?

5 A Well, again, these specifications are included
6 with the contract that a contractor signs, so a
7 contractor is agreeing to these terms and
8 conditions before he does the job. Then we also
9 have inspectors who are assigned to those jobs and
10 one of their main purposes is to make sure that
11 the contractor complies with the spirit and intent
12 of those specifications.

13 Q Is the inspector on site at all times?

14 A Not at all times, because sometimes they may
15 have more than one job. On a job of any
16 significance they are going to be on the job
17 a large portion of the time.

18 Q Okay.

19 A But to say that they will be there, you know,
20 every hour, every minute that the contractor is
21 working is not--would not be a true statement. We
22 do expect good communication between the
23 contractor and the inspector so that they know
24 that there is a critical operation that is going

1 to be done that they will--they know what is
2 important and what is not important to observe.
3 And we expect that communication to happen between
4 the contractors so that they are not out there
5 doing an operation at a time when the inspector
6 isn't there that we would want the inspector to
7 observe.

8 Q During the first couple of days of the second
9 phase, was there an inspector on site when
10 the directional boring began?

11 A Yes.

12 Q I take it then the communication miscue that
13 resulted was also internal that the inspector
14 wasn't advised that the directional boring was
15 perhaps not appropriate in this instance?

16 A Yes, the miscommunication, you know, what I
17 would have preferred to have happened as that
18 job began is that the inspector communicate
19 up the line that that is what the contractor
20 is about to use here, is this okay, and that
21 communication didn't take place.

22 Q Are there any--

23 A Until the second day of the job.

24 Q I'm sorry. Are there any areas within LG&E's

1 service territory where LG&E has declared to
2 be off limits any type of use of directional
3 boring?

4 A No. We don't use it in areas--we don't use
5 it in areas, new subdivisions, for example,
6 because the advantages--there are no
7 advantages. In fact, in a new subdivision
8 where restoration isn't an issue it is less
9 expensive to use the trenching technique.

10 Q In your experience, as far as the
11 installation of sewer service lines, is it
12 now an industry standard for sewer utilities
13 or for plumbers when installing a sewer
14 service line to use some type of tracer wire?

15 A I'm not sure, I'm not familiar with the sewer
16 business.

17 Q Okay.

18 A I would expect it would be but, again, I
19 don't know.

20 Q You mentioned some other methods in which to
21 locate the sewer service line. Specifically, you
22 mentioned two, the use of a metallic snake and the
23 other using some type of camera device. How
24 expensive is it to use the metallic snake method?

1 A The metallic snake would be not very much expense
2 at all because the technology--there is no new
3 technology there it is just a metal snake that can
4 be used for other reasons. But there is man
5 power, the expense is in labor and also the
6 difficulty is that you do have to access the
7 customer--inside the customer's house at a time
8 when a customer can let you in. So, as far as
9 equipment that is needed to do that, the expense
10 is minimal.

11 Q Are you saying that for these 31 homes all
12 that would really be necessary is for
13 somebody to knock on the door, assuming that
14 the owner of the residence, the occupants of
15 the residence is there to let the
16 representatives in, they go down and put the
17 snake in, somebody on the outside using the
18 detection device then goes through and maps
19 out where it is?

20 A That is basically it. The problem is not too
21 many people are home these days during normal
22 working hours. It may require some after
23 hours work, and they have, when Goshen and
24 our crew met out there they found some

1 difficulties where, for whatever reason,
2 there wasn't a clean out. I would have
3 thought that was a code requirement, but they
4 couldn't find a clean out or the sewer line
5 ran in a configuration out the back and made
6 a couple of bends that would have made that
7 project a little more difficult than you
8 describe. But it is still--depending on the
9 limitations of the snake to be able to
10 negotiate a 90 degree bend. That particular
11 service may require a little more such as
12 even excavating where the bends are so that
13 you can have a straight run to run this
14 metallic line out. So, that in a situation
15 where it is not just a straight run there is
16 a sewer clean out there and it is readily
17 available and you can run it straight out
18 there that is a relatively simple case. In a
19 case where it is not that would involve more
20 time and effort.

21 Q Okay. Going back again with the efforts of
22 the first phase of the gas main expansion,
23 how many homes, if you know, how many homes
24 were actually visited, an attempt was made to

1 go ahead and get permission to access the
2 home?

3 A I don't know the answer to that, I can find
4 out, but I don't know the answer.

5 HEARING OFFICER SHAPIRO:

6 While they are talking I'm just curious
7 to know--you are trying to detect
8 something using a metal, some sort of
9 metal conductor, is there any means that
10 you are aware of where they can use a--
11 they can flush something through the
12 water line, something that you put in
13 water that is soluble to where they can
14 do that?

15 A I've not heard of that. The way the
16 conventional locating technologies need
17 something metallic that, you know, the
18 locators transmitting a signal and receiving
19 a signal that is reflected by the conductor.
20 I'm not aware of anything that has been done
21 along those lines so I guess I don't know the
22 answer to that. It seems possible that that
23 could be a method, I know I've heard of
24 putting things in sewers or water lines, some

1 type of tracer material, and I expect there
2 is some kind of tracer material in there that
3 could even emit that you could reflect a
4 signal off of. But I don't know that it
5 would be preferable to--if you could get the
6 metallic thing through there, except where
7 you couldn't access the--

8 HEARING OFFICER SHAPIRO:

9 Where you couldn't access it.

10 MR. WUETCHER:

11 I just have a couple more questions.

12 Q Going back again to the first phase main
13 extension. Were the other utilities, were
14 they all marked?

15 A Apparently, I wasn't aware of any problems we
16 had with any other utilities.

17 Q Do you know with their location how
18 approximate or how close their markings were
19 to being correct to the actual location?

20 A Again, not being on the job I can't say.

21 Q You don't know.

22 A I wasn't--you know, our inspectors and the
23 contractors have their expectations and there is
24 a--the Act refers to an 18-inch either side of a

1 structure for metallic services. That is still a
2 pretty large hole that is given in order to dig
3 out. There is quite a bit of leeway given even in
4 with metallic service, so I can't say how close
5 they are but, you know, through experience this is
6 something they do every day. They have
7 expectations and they know about how far they
8 typically are off.

9 MR. WUETCHER:

10 That's all we have. Thank you.

11 HEARING OFFICER SHAPIRO:

12 Any redirect?

13 MR. BROOKS:

14 Just real brief.

15
16 REDIRECT EXAMINATION

17 BY MR. BROOKS:

18 Q Mr. Rush, do you believe that there is any
19 significant risk in the directional drilling
20 technique if all existing underground facilities
21 are adequately located?

22 A No, I do not.

23 Q And is that what LG&E experiences typically
24 in its day to day activities when installing

1 or replacing mains?

2 A Yes, as evidenced by the miles of pipeline
3 that we have put in using this technique and
4 we have not had significant trouble.

5 Q And do you recall the cross-examination from
6 Mr. Sauer regarding what language is in the
7 Underground Facilities Damage Prevention Act
8 that he asked you if the term approximate
9 location was in there, and you agreed with
10 him that it was?

11 A Yes.

12 Q Now, in your opinion, as an engineer, and in your
13 opinion as the person ultimately responsible for
14 main installation procedures in the eastern part
15 of our territory, do you believe that Goshen has
16 provided LG&E with the approximate location of its
17 service lines on the two Lakeview jobs?

18 A Not--I don't believe--of course, they have
19 given an approximate location. They have
20 given basically a guess, it is somewhere in
21 the yard here. And I don't believe that that
22 was the Act's intent. I believe the Act's
23 intent was for the operator to give--to use
24 the best of their ability through techniques

1 that are available to give the best location
2 they can give. And I don't believe that
3 Goshen is doing that.

4 Q The provisions of the Act aside, just in your
5 experience in the gas utility industry, do
6 you believe that it is a reasonable utility
7 practice of a utility to refuse to locate
8 their underground facilities specifically in
9 the manner that Goshen has in the case at
10 hand?

11 A Absolutely not.

12 MR. BROOKS:

13 I have no further questions.

14 MR. SAUER:

15 Just a couple of follow up questions.

16

17

REXCROSS EXAMINATION

18 BY MR. SAUER:

19 Q Mr. Rush, you just said that you thought the
20 directional boring was safe if the underground
21 utilities were adequately located. What do you
22 mean by adequately located?

23 A Well, again, our experience is that
24 adequately located what we are used to is

1 something within a range. Now, whether that
2 range is 18 inches outside of the pipe as the
3 Act specifically says, or 24 inches, we--you
4 know, adequately located means that using--to
5 me, means that you are using methods
6 available to get as accurate as you possibly
7 can. And I would think--and that is in
8 everyone's best interest in order to try to
9 prevent the damage to that system. So, as
10 accurately as you possibly can get.

11 Q Do you think that adequately locating means
12 or depends on the kind of underground
13 utilities that are present? In other words,
14 if the only underground facility is present
15 is a cable TV would you have a different
16 standard of care than if the underground
17 facility was a gravity fed sewer?

18 A I'm not sure I understand your question.

19 Q You attempted to describe what adequately
20 located means for purposes of directional
21 boring, when it would be safe to use. In
22 adequately locating underground facilities,
23 does it make a difference what kind of
24 underground facilities you are talking about,

1 cable TV versus--

2 A I think that depends on--it depends on the
3 ability to locate that facility. For
4 example, with cable TV it is a simple process
5 because you have a metallic conductor there
6 where conventional methods can be used. The
7 Act refers--has two different standards,
8 basically, for metallic and non-metallic
9 structures that I believe that where you can
10 assimilate a metallic structure by using some
11 other method that there shouldn't be any
12 reason if you can get a conductor into a non-
13 metallic structure that it couldn't be
14 located to the same degree of accuracy as a
15 metallic structure.

16 Q Let me make a statement and see if you agree
17 with it. Because there are certain risks
18 involved in the gas line piercing of a
19 gravity fed sewer, it would seem to follow
20 that the location, the location of the
21 existing underground sewer utility is
22 paramount, has to be accurately located.
23 Whereas if the underground facility is cable
24 TV, telephone, water, it's not as risky and

1 not as essential that the underground
2 facility accurately located. Do you agree or
3 disagree?

4 HEARING OFFICER SHAPIRO:

5 I think he has already testified to
6 this. I think earlier his testimony was
7 that the situation here was--the
8 situation that was presented here was
9 more dangerous because of the nature of
10 the facilities. I mean, you have asked
11 him--hasn't this been asked and answered
12 several times? You started out, in
13 fact, if I'm not mistaken, you asked him
14 earlier to compare certain situations.
15 First, you had him crossing a telephone
16 line, then you had him crossing a cable
17 line, or I think it was vice versa. I
18 mean, hasn't that--how does this add
19 anything--how is this, first of all,
20 this is redirect or recross and his
21 redirect was related to items which were
22 raised for the first time on cross-
23 examination. But aren't we going back
24 now over something that has been gone

1 over earlier?

2 MR. SAUER:

3 Perhaps. Was the use of the word
4 adequately located, when is it safe?

5 HEARING OFFICER SHAPIRO:

6 Well, you asked him that and I
7 understood, and he answered that. That
8 was a question that he told you what--I
9 think he has responded to that. But now
10 we are going back to well, is it--are
11 these situations somehow worse in some
12 places than in some cases than in others
13 because of the nature of the facilities
14 that are used--that are involved. And I
15 believe we have already covered that.

16 MR. SAUER:

17 Okay. I'd like to ask one additional
18 question as a follow-up.

19 Q This relates to the question that you were
20 asked about Goshen Utilities efforts that, in
21 your judgement, they were not satisfactory.
22 Did Goshen Utilities make available to LG&E
23 its field location records in the
24 subdivision?

1 A Yes.

2 Q Did Goshen Utilities make available to you
3 its personnel including Robert Huffman?

4 A Yes.

5 MR. SAUER:

6 That's all the questions we have, thank
7 you.

8 MR. WUETCHER:

9 No questions.

10 HEARING OFFICER SHAPIRO:

11 Do you have any other witnesses?

12 MR. BROOKS:

13 No other witnesses.

14 HEARING OFFICER SHAPIRO:

15 Mr. Sauer, do you have a witness that wishes to
16 testify?

17 MR. SAUER:

18 We do, although Mr. Eades testimony will be brief.

19 HEARING OFFICER SHAPIRO:

20 Well, direct testimony may be brief, but his cross
21 may not be, so I think we'll take a break for
22 lunch. How much time do you all want, half an
23 hour? Okay, let's be back here at one o'clock.

24 (OFF THE RECORD)

1 HEARING OFFICER SHAPIRO:

2 Okay. Mr. Sauer, you want to call your witness?

3 MR. SAUER:

4 Yes, this is Jeff Sauer with Goshen Utilities, I'd
5 like to call Lloyd Eades, please.

6 (WITNESS DULY SWORN)

7

8 The witness, LLOYD EADES, having first been duly
9 sworn, testified as follows:

10 DIRECT EXAMINATION

11 BY MR. SAUER:

12 Q Mr. Eades, could you state your name for the
13 record please?

14 A I'm Lloyd Eades.

15 COURT REPORTER:

16 Spell your last name?

17 A E-a-d-e-s.

18 Q What is your position with Goshen Utilities?

19 A I am President of Goshen Utilities.

20 Q Okay. And, generally, what are your
21 responsibilities as President?

22 A Just run all day-to-day operations. I'm
23 completely head of the utility company.

24 Q Is it true that the utility company has

1 relatively few employees so you are hands-on
2 out in the field?

3 A That is correct.

4 Q How long have you been employed by Goshen
5 Utilities?

6 A Approximately 25 years.

7 Q Can you briefly describe the field location
8 records that Goshen Utilities has available
9 for the Lakeview Subdivision?

10 A The blueprints we have available. This
11 subdivision was developed, sewer, water
12 lines, et cetera, installed in approximately
13 1975, I would think, without checking the
14 records. The records that we have indicate
15 that the blueprints were sent to the Division
16 of Water on water and sewer for approval.
17 Apparently, while installation was going on
18 and houses being built the--all the sewer
19 mains are located exactly according to the
20 way the prints show. But whereas building
21 went on, et cetera, houses were tied on, some
22 property lines possibly moved and whatever
23 for laterals or where it tees off the main
24 going to the houses are not in the--they are

1 not always right where they are supposed to
2 be.

3 Q So, you have field location records but,
4 regrettably, they are not always as accurate
5 as they might be?

6 A That is correct.

7 Q Can you tell us briefly the topography in the
8 area of the Lakeview Subdivision?

9 A It is gently rolling in most of the areas, a
10 good bit of rock in the area, which creates a
11 situation where sewer lines are relatively in
12 some areas very deep, some areas are
13 relatively shallow down to two and three feet
14 deep in some places.

15 Q Who is Robert Huffman?

16 A Robert Huffman is my outside superintendent
17 and generally takes--has been with me for in
18 excess of 20 years.

19 Q And, generally, what does he do day in and
20 day out for the company?

21 A He fixes water main leaks, any sewer
22 stoppages, day-to-day operations of the men
23 that work there, and that is generally it.

24 Q As an exhibit to our response to the

1 Commission Order, there was an agreement, it
2 is labeled Exhibit A, do you have a copy of
3 it?

4 A No, but I'm familiar with it.

5 Q You are familiar with it?

6 A Yes.

7 Q Yes. Do you agree with the statements made
8 in there concerning the agreement that was
9 reached?

10 A The statements in the agreement that you are
11 showing me?

12 Q This memorandum, Exhibit A?

13 A Yes, I do.

14 Q What, in your view, is the agreement or was
15 the agreement that you believe to be made
16 concerning the 31 potentially affected
17 residents?

18 A My understanding of the agreement was that we
19 were to provide our personnel and the field
20 records that we have now to LG&E's personnel
21 which would show up at the job site where
22 they had installed the water lines, or the
23 gas lines, that is, and we would give them
24 support in locating every place that the gas

1 line was supposed to be gone past the sewer
2 line to be assured that gas line had not
3 penetrated the sewer line.

4 Q So, the participation of Goshen Utilities
5 would be making those field records
6 available, together with somebody who was
7 familiar with them and could interpret them?

8 A That's correct.

9 Q Would Robert Huffman also be made available?

10 A That's correct, yes, he would.

11 Q In our response to the Commission Order of
12 Paragraph 6(a) we say Goshen has made
13 numerous efforts to obtain the cooperation of
14 LG&E to commence the digging and inspection
15 activities for the potentially affected
16 residents in the gas line construction area.
17 Is that true, to the best of your knowledge
18 and belief?

19 A To the best of my knowledge, that is true.

20 Q It also says Goshen Utilities stands ready,
21 willing and able to proceed with the
22 inspection; is that true today?

23 A That's true too.

24 Q Are all the other provisions in this response

1 true, to the best of your knowledge?

2 A To the best of my knowledge, they are.

3 Q With respect to the statute involved in
4 locating underground facilities, Underground
5 Facility Damage Protection Act, what is your
6 understanding of the responsibility of Goshen
7 Utilities?

8 A My understanding is whereas there is metallic
9 pipe or tracer tape or whatever with plastic
10 of any type of metallic piping that you are
11 to locate within 18 inches of the center line
12 of the whatever utility you are locating
13 whether it be gas, electric, telephone or
14 whatever. Where there is non-metallic you
15 are to locate to the best of your ability the
16 general area it is in and that area then
17 becomes a hand dig area.

18 Q Is there any requirement that you are aware
19 of that would mandate Goshen Utilities, or
20 any other utility located in Kentucky, to use
21 either a metallic pipe or a tape wire pipe
22 for a sewer line?

23 A No, its not, to my knowledge. It should be.

24 Q It was earlier testimony which you heard

1 about the differences in depth as a method by
2 which to assure that there has not been an
3 inadvertent piercing of a gas line into a
4 sewer line, can you describe your belief as
5 to the usefulness of that technique?

6 A I think it is a very good technique, I
7 totally agree with it.

8 Q Are there any circumstances where you would
9 think that technique was not a good idea?

10 A Yes, in areas where the--I agree with Buzz on
11 that, where the areas were that we felt that
12 the--there should be two to three feet
13 between the two elevations of the gas line
14 and the sewer line before we would do that to
15 assure ourself it has not been pierced.

16 Q There has been reference to a video camera as
17 a method by which a utility could locate
18 underground facilities. Do you--does the
19 company have such a camera?

20 A No. I am very familiar with it, we do rent
21 them periodically.

22 MR. SAUER:

23 That's all that we have for Mr. Eades at
24 this time.

1 MR. BROOKS:

2 Just briefly.

3

4

CROSS EXAMINATION

5 BY MR. BROOKS:

6 Q Good afternoon Mr. Eades. Regarding the Exhibit A
7 to the answer in the memorandum from Mr. Sauer's
8 associate, do you recall LG&E personnel meeting
9 with your company's personnel out in Lakeview
10 subdivision in mid to late August in an attempt to
11 locate service lines of the 22 affected customers?

12 A Yes, I do.

13 Q And isn't it true that great difficulty was
14 experienced in physically locating service
15 lines?

16 A That's absolutely true.

17 Q The agreement that is referenced in this
18 Exhibit A memorandum, how does what Goshen
19 agree to do under this, as what is explained
20 in this memorandum, differ than what Goshen
21 did for LG&E prior to the commencement of
22 that first Lakeview project?

23 A Would you mind repeating that? I didn't
24 follow that.

- 1 Q I'm sorry, yes, a little convoluted, I'm
2 sorry. The--I'm referring to the agreement
3 that is in the memorandum.
- 4 A Okay.
- 5 Q About Exhibit A.
- 6 A Okay, I'm following you.
- 7 Q And specifically what Goshen--what this says
8 Goshen agreed to do.
- 9 A Right.
- 10 Q How does what Goshen agree to do here differ
11 from what Goshen had done for LG&E regarding
12 locating service lines before LG&E commenced
13 the first Lakeview job?
- 14 A I really think nothing other than we would be
15 on the job site with LG&E's personnel to dig
16 whatever--will do whatever is necessary.
- 17 Q Would you expect any different results in
18 terms of actually locating your facilities
19 under this agreement as opposed to the
20 successfulness in locating facilities before
21 the Lakeview job was commenced? Do you
22 expect a better result?
- 23 A I would think a better result would be there
24 is if LG&E would stay out on the job for

1 whatever amount of time it takes to locate
2 all the people, work week-ends, nights,
3 whatever to find these, yes, I think there
4 would be a lot better results. It is going
5 to be a house by house situation in my
6 opinion.

7 Q But in terms of what Goshen would bring to
8 that activity, that really is no different
9 than what Goshen did prior to the
10 commencement of the Lakeview job.

11 A We have nothing else to bring.

12 Q You were talking with your counsel about the
13 Underground Facilities Protection Act, you
14 described the difference of the--as you
15 understood it, of the obligation of an
16 operator or a facility owner if they had
17 metallic pipe or something with metallic
18 tracer versus an operator who has non-
19 metallic pipe.

20 A Correct.

21 Q You used the term locate--what was the word--best
22 of your ability to locate the non-metallic pipe
23 and then you would mark that area and then that
24 became a hand dig area; do you remember that?

1 A That's correct.

2 Q When you said best of your ability, can you tell
3 me what you meant by that?

4 A Yes, if I go to--we would mark--we have and
5 we would mark where we feel the lateral going
6 to the house would be according to the plans,
7 but then we would mark the whole front of the
8 lot. So, my feeling is is if the contractor
9 for LG&E, whoever went out and pot holed the
10 thing where it was marked on the print and it
11 didn't become in that location, then it would
12 be the responsibility of LG&E or the
13 contractor to dig farther, go to the house,
14 put the metallic tracer wire through the
15 sewer, camera through the main to locate,
16 like Buzz said, I think this would be the
17 responsibility of the contractor at that
18 point. I think we have done--we have
19 satisfied the letter of the law when we said
20 what we have done. We are not installing the
21 piping, LG&E is installing the piping. We
22 are there, we are in place, we are in good
23 shape, it is retrofitting the subdivision.

24 Q So, when Goshen doing what it can "to the

1 best of its ability" to you that means
2 showing LG&E what is on your records and
3 having a person out there who is
4 knowledgeable giving whatever advice he can
5 give?

6 A That is correct.

7 Q And isn't it true that at some point during
8 these jobs Goshen marked off the entire
9 right-of-way as a hand dig zone?

10 A That is correct. Because there is things
11 there in that right-of-way.

12 Q And you just don't know where your facilities
13 are?

14 A In every case we don't.

15 Q Now, you stated that you occasionally rent the
16 type of camera that is used to scope out a main?

17 A Correct.

18 Q For what purposes do you do that?

19 A Well, we've had stoppages in sewer lines,
20 things of this sort that--breakage.

21 Q To locate precisely where that damage or
22 breakage may be?

23 A That is correct.

24 Q Just a second. Have you--has your company

1 ever used the metallic snake or metallic tape
2 before to locate pipe or other underground
3 facilities?

4 A We have.

5 Q And I believe, correct me if I'm wrong, but your
6 testimony is that either that or the camera would
7 be perfectly acceptable way to locate the sewer
8 services that we are talking about in this case?

9 A That's correct.

10 Q No reason not to use those?

11 A No reason not to use those.

12 Q Is there any reason why--

13 A The only thing it would be hard to use with
14 the snake, and Buzz brought that up, is the
15 99% of the people or 95% of them are not home
16 during the day and it is a matter of making
17 an appointment, getting into each house, and
18 the other things that Buzz brought up of
19 sewer lines, the way the plumbers have put
20 them in, run them out the back of the house,
21 circle the house, go to the front, et cetera,
22 just problems, but this is going to be just a
23 house by house situation.

24 Q But there is nothing that prevents Goshen

1 Utilities from renting a camera or requiring
2 that kind of metallic tape is there?

3 A There is not other than we do not feel this
4 is our responsibility under the law.

5 MR. BROOKS:

6 That's all I have. Thank you very much.

7 HEARING OFFICER SHAPIRO:

8 Mr. Eades, let me just ask you a few questions
9 concerning some of the testimony here today.
10 Earlier, and these questions relate to what I
11 asked Mr. Rush earlier. Mr. Rush in his testimony
12 and in response to a question I asked him,
13 essentially recommended that the problem be
14 addressed in two steps. First, the first step
15 would be to locate, pinpoint the location of the
16 underground sewer facilities and then the next
17 step would be to, I guess, excavate to determine
18 where those facilities intersect with the new gas
19 line. Do you agree that that would be the way to
20 address this problem?

21 A That would be--there are several different
22 ways to do it.

23 HEARING OFFICER SHAPIRO:

24 I know but I'm just saying--

1 A My personal feeling is if you--

2 HEARING OFFICER SHAPIRO:

3 I'm not asking you about the way, but I'm talking
4 about--is it your--do you also believe that that
5 is what you will have to do to address this?

6 A There is a possibility you wouldn't have to
7 go that far. If you were to use a camera and
8 go to each individual house and do that with
9 an appointment and put the camera through the
10 house out to the main then you would know
11 that there is not a sewer line in it so
12 ultimate you wouldn't have to dig up the
13 intersection--

14 HEARING OFFICER SHAPIRO:

15 But you do agree that the first thing that has to
16 be done is you have to locate the facility?

17 A That's correct.

18 HEARING OFFICER SHAPIRO:

19 And the second thing that needs to be done, then,
20 is to excavate in those areas where you believe
21 there has been a probability--

22 A Unless you run a camera from the house then there
23 would be no need to excavate.

24

1 HEARING OFFICER SHAPIRO:

2 Because then you would know where it was.

3 A You would know that there was not a gas line in
4 the sewer because you would be putting a camera
5 through from the house out to the main and there
6 would be no need to excavate then, especially
7 under areas where there is drive ways and et
8 cetera.

9 HEARING OFFICER SHAPIRO:

10 So, would it be your recommendation, then, that
11 instead of using the snake you would recommend
12 that the--a camera be used because that would, in
13 a sense, solve two problems at once. It would
14 locate the facility--I mean, locate the sewage
15 facility and at the same time it would determine
16 whether or not there has been a break in that
17 facility.

18 A I personally think it will take a combination
19 of both things, as Buzz said, and I agree
20 with him thoroughly because there is going to
21 be odd ball situations and I think it will
22 take a combination. I think it is still
23 going to take a house by house situation.

24

1 HEARING OFFICER SHAPIRO:

2 But you all--but you do agree with him in so far
3 as the general way, the general method to be used
4 in addressing the situation?

5 A I do.

6 HEARING OFFICER SHAPIRO:

7 Okay. Mr. Wuetcher.

8

9

CROSS EXAMINATION

10 BY MR. WUETCHER:

11 Q Good afternoon Mr. Eades.

12 A How are you sir.

13 Q I've just got a couple of general questions.

14 First, in relation to the road and to the
15 general easement, where are Goshen sewer
16 mains located in this area?

17 A Will you let me come over and show you?

18 Q Well, rather than do that if you could just tell
19 me--

20 A If you are looking at the print, you have got
21 a print of it.

22 Q Okay. Why don't you just describe to me where it
23 would be on LG&E Exhibit Number 1?

24 A Okay. You will have to go to section--you

1 want to go to section two.

2 Q Okay, is that the second page?

3 A That's correct, let me find something here.

4 Okay, where do you want to start. Let's look

5 at Cloverdale, okay, you see the road

6 Cloverdale?

7 Q Okay, Cloverdale, that would be on the--

8 A Okay, just at the top part of it you will see

9 what--

10 Q Is that on the--that is on the left side of

11 the page?

12 A That's correct.

13 Q Okay.

14 A Cloverdale, you are showing the sewer mains

15 in this particular location, you have a

16 manhole just in the upper part of that--where

17 it says Cloverdale, see the little round

18 circle with the sewer lines going in several

19 different directions, all directions out of

20 it.

21 Q Okay, I see it.

22 A Okay, that is the sewer mains. Now, on this

23 particular print it does not show the symbol for

24 the laterals or the property taps.

1 Q Okay. Now, is that--that is not actually on
2 the road itself? I mean, it is not
3 underneath the road.

4 A It in the road right-of-way. In some cases they
5 are in--if you look at the same symbols in
6 different places in here you will see--if you look
7 to the right, look over to the right you will see
8 a manhole, move from Cloverdale to the next symbol
9 up there. You see the manholes?

10 Q Okay.

11 A This is between Rosewood and what--I can't
12 see the name of the road. But anyway it
13 shows a manhole there and then it actually
14 runs under the road down through an
15 intersection.

16 Q Okay.

17 A So, it is all different situations.
18 Sometimes--in some cases the sewer lines were
19 designed to be under the roadway, in the
20 middle of the road, sometimes on one side of
21 the road, sometimes in the back of houses,
22 different situations. They don't run
23 constant, in other words, there is no reason
24 to, again, a lot to do with the lay of the

1 land.

2 Q Okay. As to Goshen's responsibility for the
3 service line, exactly where--what portions of
4 the service line, if any, is Goshen
5 responsible for?

6 A We are required--we are responsible to the
7 property line or the easement line of the
8 property.

9 Q Okay. Going back for a second, you said you
10 have been with Goshen for 25 years. You are
11 the owner of Goshen, right?

12 A Excuse me?

13 Q Are you the principal stockholder?

14 A I'm 50% stockholder.

15 Q And you have been with Goshen for 25 years?

16 A That's correct, thereabouts.

17 Q I take it you have been principal stock, or
18 that one of the--

19 A Principal stockholder for about ten.

20 Q For ten, okay. And before that time what was
21 your capacity?

22 A We actually had, even before that time we had
23 another development company that I was vice
24 president of and that development company a

1 lot of time, in a lot of cases actually
2 maintained Goshen Utilities service, so--and
3 I come to Goshen 25 odd years ago to lay
4 water lines as a contractor, cross country,
5 and never left. I've either--

6 Q Okay. I guess it has been agreed upon by
7 both LG&E and Goshen that there are 31 houses
8 involved or that are potentially affected by
9 the water main extension, those mains--the
10 gas main could--

11 A Correct.

12 Q --have potentially pierced the sewer line?

13 A Right.

14 Q What efforts has Goshen taken to correct the
15 problem?

16 A The only thing we have taken place is if we
17 have--after we experienced the first one
18 stopped up, and I had found a rotorooter
19 truck out there and I was afraid someone was
20 going to get blown away because--by piercing
21 the gas line. Our next thing is we contacted
22 LG&E and they, in a very timely manner,
23 responded as the contractor, as they have in
24 all cases, by the way. And, we, at that

1 afternoon, that we located the first one we
2 were very aware of the problem. We went back
3 to the office, we had letters typed up, we
4 requested LG&E to do it too, but they--they
5 couldn't do it as quick as we could. We were
6 there, we hand delivered--I hand delivered
7 notices to everyone up and down the road and
8 from that point on we have met with LG&E and
9 we have done all the things we have done
10 until we got here. And that is all we have
11 done other than making people aware that
12 there could be a problem, could be a problem.

13 Q So, there has been no effort on Goshen's part
14 to actually go into the homes of these resi--
15 or go into the residence themselves and try
16 to use a metallic snake or some other device
17 to go ahead and chart where the service
18 lines--

19 A Other than when LG&E was out there. They
20 were out there for a day, am I correct Buzz,
21 I believe--

22 HEARING OFFICER SHAPIRO:

23 You just talk, you just testify based
24 upon what you remember the situation.

1 A Okay. As I recall, they were out there for
2 one day, LG&E was, and if I am correct, that
3 was the day that we ended up putting snakes
4 in houses, the ones we could get in, et
5 cetera, et cetera.

6 Q How many houses were you all able to get
7 access to?

8 A I can't answer that, I don't know.

9 Q Well, was it more than five or?

10 A I don't know, I really don't know.

11 Q Well, in any event--

12 A I can find out, I just don't know.

13 Q Okay. Were you there on site?

14 A No, not all the time.

15 Q Okay. I guess it was Mr. Huffman?

16 A Huffman up there, yes.

17 Q Would it be correct, then, to say that the
18 primary problem has just been getting access
19 to those houses?

20 A I would think so, yes. That and the ability
21 to run a snake out.

22 Q Okay.

23 A If we could get into the house, run a snake
24 out and stake it and it would stay there long

1 enough for these folks to dig it up.

2 Q How much are we talking about in terms of
3 cost to the extent of going ahead and having
4 someone go in and put a snake from the inside
5 of the house and then going ahead and
6 detecting the location of the line?

7 A I don't think there would be a problem if we
8 could find people home or they will let us
9 come in their house. In a lot of cases they
10 just don't want you in their house, just stay
11 out. I don't imagine it would cost over
12 \$100.00 a home maybe, I mean, I'm estimating
13 of course.

14 Q And those are the ones where you can use a
15 snake.

16 A That's correct.

17 Q I think you had said before you expect that
18 in at least some instances you may not be
19 able to use a snake and then you'd have to go
20 to a camera?

21 A I think that has already been found.

22 Q Okay. And in those cases--

23 A They finish basements in a lot of cases and
24 all the clean outs and things that you should

1 be able to get to are not there, they're
2 covered up.

3 Q In those cases, if I am recalling your
4 testimony correctly, you actually have to go
5 back and use, for example, a camera or
6 something else to go in and inspect the home?

7 A You would go to a manhole in the street is
8 what you would do and you run the camera up
9 until you can see the tee in the pipe, then
10 you measure, pull it back then you can make
11 the determination where it is. Then LG&E can
12 dig again.

13 Q Okay. And how much would that cost? You
14 said you have used these cameras before?

15 A I'm not quite sure, I think the cameras run--
16 I believe they run about \$150.00 an hour, I
17 believe, or less maybe, I believe I'm correct
18 there.

19 Q And where we are looking at this you said
20 before you have based all this on a factor
21 that the workers are there, it is not--you
22 are doing normal work hours and what not, you
23 are saying there would be additional cost if
24 this was done, for example, in the evenings

1 or on week-ends?

2 A Absolutely.

3 Q Labor costs are going to be more because of
4 overtime concerns?

5 A That's correct. And since we have gone by
6 the letter of the law, I feel that LG&E
7 should eat that cost.

8 MR. WUETCHER:

9 Thank you, that's all we have.

10 HEARING OFFICER SHAPIRO:

11 Well, wouldn't it be quicker than to use the
12 camera method? You don't need to--you don't need
13 to meet--you don't need to have people at home in
14 order to do this. If you went to a home and there
15 was nobody there and you couldn't get in, but if
16 you have a camera, you could use the camera and
17 you could locate where the problem is, can't you?

18 A You could locate at the main where the pipe
19 tees off going toward the house in most cases
20 if you don't have too much flow in the pipe,
21 et cetera. I mean, if you have a lot of
22 flow, if you run a camera up and I don't know
23 whether you ever looked at them or not, you
24 get such amount of flow you just can't see

1 everything like you should. It is not a
2 perfect situation. None of these are perfect
3 situations. You try one, if it doesn't work,
4 you try the others down to digging completely
5 all the way in front of the house.

6 HEARING OFFICER SHAPIRO:

7 Any redirect?

8 MR. SAUER:

9 No.

10 HEARING OFFICER SHAPIRO:

11 Thank you Mr. Eades. You asked for some
12 information?

13 MR. WUETCHER:

14 Yes, Staff made several requests to LG&E. If
15 those could be provided, would five days be too
16 long--I'm sorry, would five days be too short? Is
17 that information readily available or--

18 MR. BROOKS:

19 Let me check, I think it is. We should be able to
20 get all this information put together and filed by
21 next Friday. If we encounter some unexpected
22 delays, we will let you know, but we should be
23 able to do that.

24

1 MR. WUETCHER:

2 I think we can live with that.

3 HEARING OFFICER SHAPIRO:

4 Okay. Anything else that needs to be addressed at
5 this point?

6 MR. WUETCHER:

7 I would make one request on behalf of Staff.
8 Judging from some of the cross-examination that
9 was done, that there is a potential possibility
10 that the parties may engage in some further
11 discussions and may resolve this without the need
12 for the Commission to make a decision. And I
13 would simply request that if there is some
14 resolution that is reached that would permit the
15 inspection of these facilities next week, I'd ask
16 that the Commission Staff be advised so that we
17 could send out someone who could also monitor the
18 situation, either--I'll be happy to give either
19 counsel or both counsel the telephone numbers of
20 the persons on our staff that could be contacted.

21 MR. SAUER:

22 Goshen would certainly agree to that.

23 MR. BROOKS:

24 That's fine.

1 HEARING OFFICER SHAPIRO:

2 Anything else? There being nothing further then,
3 this hearing is adjourned.

4 (OFF THE RECORD)

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