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Mr. Jeff DeRouen Executive Director Kentucky Public Service Commission 211 Sower Boulevard Frankfort, Kentucky 40602-0615

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APR 21 2010 PUBLIC SERVICE COMMISSION

April 21, 2010

RE: Louisville Gas and Electric Company: Alleged Failure to Comply with KRS 278.042 Case No. 2006-00353

Dear Mr. DeRouen:

Enclosed please find a report that is being provided to the Commission Staff as part of a settlement agreement approved by the Kentucky Public Service Commission in the above referenced proceeding.

Please contact me if you have any questions concerning this filing.

Sincerely,

Rich F. Zonebamp

Rick E. Lovekamp

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Louisville Gas and Electric Company And Kentucky Utilities Company Electric Circuit Clearance Summary

Overview

This report is being provided to the Commission Staff as part of a settlement agreement approved by the Kentucky Public Service Commission in its Order of January 5, 2007 in *In the Matter of: Louisville Gas and Electric Company: Alleged Failure to Comply with KRS 278.042,* Case No. 2006-00353.

Louisville Gas and Electric Company

1. Electric System Survey Process

During November and December 2006, Louisville Gas and Electric Company (LG&E) surveyed all overhead circuits operating above 750 volts (nearly 4,000 circuit miles) for horizontal and vertical clearances from buildings, signs and other structures. LG&E mobilized a team of highly experienced employees and contractors of LG&E and Kentucky Utilities Company (KU) to perform the review and identify overhead facilities operating at or above 750 volts with less than 7.5 feet of horizontal clearance and less than 13.5 feet of vertical clearance (points of interest). This single set of conservative clearance requirements was used to expedite and simplify the survey.

LG&E Points of Interest				
Clearance Issue	#	Ratio		
Building	438	62.5%		
Other	170	24.3%		
Sign	58	8.3%		
Light	35	5.0%		
	701			

Table 1. 2006 LG&E System Survey Points of Interest

The survey took fifteen days to complete and produced 701 points of interest which required further evaluation, the majority (74%) of which were located within the area encompassed by Interstate 264 and the Ohio River, the oldest part of LG&E's electric distribution system.

2. Clearance Code Review Process

During the first quarter of 2007, the Company's Electric Standards Group directed the review of LG&E's documented points of interest for compliance with the National Electric Safety Code (NESC). As part of the review, consideration was given to the type

of clearance conflicts, the age of involved equipment and conductor, and the applicable edition and version of the NESC. From this process, LG&E identified 462 points of interest which required greater vertical or horizontal clearance to meet NESC standards.

3. Clearance Conflict Correction Process

In April of 2007, LG&E started to address the points of interest needing corrective measures. A Work Request was created in LG&E's Work Management System for each job, to facilitate prioritization, planning, design (where applicable), scheduling, and tracking.

The majority of clearance issues necessitated that LG&E move, reconfigure or eliminate the associated equipment or conductor to establish the necessary clearance. Conflicts involving customer or third party encroachment issues, such as antennas, signs, private lighting, sheds, storage containers, and decks, were resolved with assistance from the responsible party. Conflicts with foreign utilities were addressed with the responsible utility company.

LG&E's final point of interest job from the overhead electric system survey was completed during January, 2010.

4. System Inspections and Maintenance

LG&E has increased training and awareness of NESC clearance code requirements, particularly with personnel responsible for inspecting and maintaining the electric distribution system. Existing procedures provide for effective identification, prioritization, and correction of clearance issues identified on the LG&E electric distribution system.

Kentucky Utilities Company

1. Points of Interest Survey

KU's electric service area in Kentucky contains approximately 13,000 circuit miles of overhead circuits operating above 750 volts. As a follow up to the LG&E survey, KU utilized Company Service Technicians, Engineers, and Line Technicians to review the KU overhead system and identify facilities operating at or above 750 volts with less than 7.5 feet of horizontal clearance and less than 13.5 feet of vertical clearance. The survey started during March 2007, took 67 days to complete, and produced 1,099 points of interest which required further evaluation.

KU Points of Interest				
Clearance Issue	#	Ratio		
Building	894	81.3%		
Other	118	10.7%		
Sign	46	4.2%		
Light	41	3.7%		
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 Table 2.
 2007 KU System Survey Points of Interest

2. Clearance Code Review

During the first quarter of 2007, the Company's Electric Standards Group directed the review of KU's documented points of interest for compliance with NESC. As part of the review, consideration was given to the type of clearance conflicts, the age of involved equipment and conductor, and the applicable edition and version of the NESC. From this process, KU identified 682 points of interest which required greater vertical or horizontal clearance to meet applicable NESC standards.

Kentucky Utilities Clearance Conflicts			
Operations Center	Points of Interest Identified	Corrective Measures Needed	
Danville	64	60	
Earlington	309	109	
Elizabethtown	38	15	
Lexington	107	94	
Maysville	237	162	
Pineville	23	23	
London	53	41	
Richmond	175	104	
Shelbyville	93	74	
	1,099	682	

Table 5.	KU Points	of Interest R	equiring Correction
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3. Clearance Conflict Correction Process

KU started to address the points of interest requiring corrective measures in January 2008. A Work Request was created in KU's Work Management System for each job, to facilitate prioritization, planning, design (where applicable), scheduling, and tracking.

The majority of clearance issues necessitated that KU reconfigure, move or eliminate the associated equipment or conductor to establish the necessary clearance. Conflicts involving customer or third party encroachment issues, such as antennas, signs, private lighting, sheds, storage containers, or decks, were resolved with the assistance of

customers. Conflicts with foreign utilities were addressed with the responsible utility company.

KU completed their final points of interest job during December, 2009.

4. System Inspections and Maintenance

KU has increased training and awareness of NESC clearance code requirements, particularly with personnel responsible for inspecting and maintaining the electric distribution system. Existing procedures provide for effective identification, prioritization, and correction of clearance issues identified on the KU electric distribution system.