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## **NEWS RELEASE**

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# **PSC Fines LG&E \$395,000 In Oldham Co. Gas Line Rupture**

## ***Cites multiple violations of pipeline safety standards in 2014 incident***

**FRANKFORT, Ky. (Mar. 16, 2018)** – The Kentucky Public Service Commission (PSC) has fined Louisville Gas and Electric Co. (LG&E) \$395,000 for a series of violations that led to the September 2014 rupture of a high-pressure natural gas pipeline in Goshen, Oldham County.

The penalty is the largest ever assessed by the PSC in a natural gas safety case.

The fact that the accident occurred in close proximity to homes, a school, and businesses – what is known as a “high consequence area” – was a factor in determining the amount of the penalties.

The pipeline ruptured because a mechanical coupling between two sections of pipe had not been installed properly, the PSC found. The coupling, which was installed in 1998, failed when the 12-inch line was being excavated for modifications.

Two workers were injured by debris that was sent flying by the pressurized gas. The gas did not ignite, but debris also caused about \$52,000 in damage to nearby property.

Twenty-four homes were evacuated until the pipeline could be shut down. About 2,400 LG&E gas customers were without service during the three days it took to repair the pipeline.

Investigations into the accident by LG&E and the PSC found that the coupling had not been installed in accordance with LG&E’s own requirements. The coupling could not withstand the pressures at which the line was operated. It had been held in place by the weight of the soil above the pipeline and failed when the pipeline was exposed by the excavation, the investigations determined.

Specifically, the principal factors leading to the failure were:

- There were not enough bolt assemblies securing the two halves of coupling.
- The brackets for the bolts were not properly welded to the pipe segments.
- The steel used in the brackets was too weak.
- The bolt assemblies lacked washers.
- The bolt assemblies were not properly positioned on the pipe segments.

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Another coupling uncovered during the investigation showed fewer, but similar, problems.

At a November 8, 2017, hearing in the case, witnesses for LG&E acknowledged that the failed coupling had not been installed properly and accepted responsibility for the accident.

LG&E witnesses also testified that the company had taken several corrective measures since the accident to prevent reoccurrences. The company no longer uses mechanical couplings on natural gas transmission lines, has removed seven of ten such couplings, and will remove the last three by next month.

According to LG&E, there are about 1,350 mechanical couplings on high-pressure distribution lines. It will install no more such couplings on high-pressure lines, and will remove existing ones as the opportunity presents itself, LG&E said. Use of mechanical couplings in other circumstances will be limited and closely monitored, the company said.

LG&E also stated that it has strengthened inspection of welding work in its pipeline system.

The failure of the pipe cost LG&E more than \$1.3 million, including \$262,000 in property damage and \$950,000 for repairs and service restoration, the company said.

In determining the penalty, the PSC found that the maximum amount LG&E could be fined is \$1.5 million. The penalties are set by federal natural gas safety regulations, which are enforced in Kentucky by the PSC for any entity operating a gas distribution system.

The PSC found that LG&E committed six violations, with the most serious the three associated with the improper installation of the coupling on the 12-inch pipeline. The PSC also found violations stemming from problems with the second coupling, which was on an 8-inch pipeline; from the failure to inspect the welds on the 12-inch pipeline; and from operating the 12-inch pipeline at higher pressures than permitted with the faulty coupling in place.

Each of the three most serious violations merit a penalty of \$100,000, with the other three violations earning penalties of \$30,000, \$50,000, and \$15,000, respectively.

The PSC also ordered LG&E to report on its progress in implementing its plan to address safety issues with mechanical couplings, including the progress made in removing and replacing them in its system. The reports are due annually through 2022.

Today's order, a video of the hearing, and other records in the case are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2017-00119.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

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