

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY'S)
FAILURE TO COMPLY WITH CURB BOX) CASE NO. 9607
ACCESSIBILITY REQUIREMENTS)

O R D E R

On June 24, 1986, the Commission issued an Order requiring Louisville Gas and Electric Company ("LG&E") to present evidence related to its curb box accessibility program for gas services and to show cause why the Commission should not penalize LG&E for failure to comply with the curb box accessibility requirements under 807 KAR 5:006, Section 23(4)(a)3. In order to allow the Commission Staff ("Staff") and LG&E to discuss the issues at an informal conference, the Commission sustained LG&E's motion to postpone the hearing. Since that time there have been numerous conferences and communications between Staff and LG&E. The Commission is advised that these were necessary for a full review of the curb box inspection program in place in 1986 and the various range of programs which might be implemented with realistic inspection goals, concern for safety and recognizing the economic consequences.

The negotiations between LG&E and Staff have concluded with the signing of a proposed agreement titled Stipulation and Proposed Settlement ("Settlement"). This Settlement has been

submitted to the Commission for its consideration as the resolution of Case No. 9607.

BACKGROUND

On February 12, 1986, a fire occurred at the Hilltop Tavern in Louisville, Kentucky. The fire was related to natural gas service provided by LG&E. In the attempt to shut off the service, an LG&E employee suffered serious burns. One purpose of curb boxes is to provide a means of discontinuing the flow of gas when a hazardous situation occurs.

Upon review of LG&E's curb box accessibility records, the Commission's gas safety investigator determined that this site had been inspected on May 7, 1985, at which time the curb box had been recorded as inaccessible. However, due to a record keeping error the wrong code was entered in the permanent records, which identified this curb box as operable instead of inaccessible. Further review indicated that the LG&E curb box inspection program was deficient and that LG&E had been so notified previously.

During the investigation of a natural gas explosion on September 23, 1984, LG&E was unable to locate the cutoff valve in the curb box at the site of the incident. Records indicated that the most recent inspection for curb box accessibility at this site had been August 4, 1982. Since gas utilities are required to inspect curb box locations annually for accessibility, LG&E was cited for violation of 807 KAR 5:006, Section 23(4)(a)3.

Subsequent to this incident, LG&E provided information regarding its curb box program, including a "catch-up" schedule.

However, it was noted that while LG&E meter readers recorded which curb boxes were inaccessible, such curb boxes were not given a priority to be corrected. In June 1985 LG&E was cited for being deficient in its curb box program during the comprehensive inspection conducted by the Commission's Gas Pipeline Safety Branch.

During the period between the two incidents referenced herein (September 1984 to February 1986) the curb box inspection was deficient, but the Commission recognizes that LG&E had initiated actions in an attempt to more effectively identify and correct inaccessible curb boxes.

COMMENTARY

The Commission recognizes that the internal changes initiated by LG&E have placed more emphasis on correcting inaccessible curb boxes. However, the Commission notes that, even with the improvement achieved by LG&E, the program was/is still deficient as regards inspection and remedial response. In evidence of this is the inaccessible curb box at the Hilltop Tavern which was incorrectly coded as operable. As a result of this error, the curb box was not corrected. After the fire at the tavern was extinguished, the LG&E crew located the curb box four to six inches below the surface in front of the tavern.

This incident accentuated the need for LG&E to truly develop and implement a comprehensive inspection and remedial action plan. LG&E had been previously aware of the need to improve its curb box program, but the necessary improvements were never fully developed.

Now, LG&E has presented for consideration a comprehensive program, known as the Curb Box Plan ("Plan"), which is the result of extensive negotiations between LG&E and Staff. The Plan is contained in the Addendum to the Settlement attached as Appendix A. The Plan provides for two classes of curb boxes. "Class One" curb boxes, approximately 100,000, include those required to be installed under 807 KAR 5:022, Section 9(17)(a)1, specifically including all services where the meter is located indoors. "Class Two" curb boxes include those which need not have been installed and could have been omitted under 807 KAR 5:022, Section 9(17)(a)1. Class Two curb boxes will be inspected for accessibility at the time of the scheduled periodic meter test as determined under 807 KAR 5:022, Section 8(5)(a).

The inspection of 100,000 curb boxes proposed in the Plan appears to be based principally upon two conclusions. First, the installation of curb boxes is not required by the regulations for some installations: where the meter is located outdoors; the meter installation is provided with a stopcock; the connection to the distribution main is made with a service tee incorporating a positive shut-off device operable with ordinary, readily available tools; and the service tee is not located under pavement. Second, in certain circumstances the curb box may be considered to be a redundant safety device.

The Plan would be implemented on a district-by-district basis as provided for and depicted by the map attached as part of the Addendum. After each district is initially inspected, annual inspections would occur thereafter for Class One curb boxes. The

Plan incorporates a record keeping system using computer programs developed by LG&E. LG&E's annual inspection of curb boxes at schools, churches, hospitals, nursing homes, industrial customers and other large commercial customers is not affected by this Plan.

Based upon the accessibility of a stopcock near each meter to turn off gas service except in the rarest circumstances, and the fact that to inspect all curb boxes installed as required by 807 KAR 5:006, Section 23(4)(a)3, would require an 18 percent increase in the customer charge compared to a 10 percent increase under the Plan, LG&E is of the opinion that comparable safety can be provided at a lower cost if the Commission approves the implementation of the Plan.

The Commission is advised that Staff agreed to the Plan after the following conditions were included: LG&E shall maintain records regarding the location of all curb boxes to include reference points; LG&E shall provide a means to distinguish in its records between Class One and Class Two curb boxes; all curb boxes should be inspected at customer services where the meter is located indoors; and all Class Two curb boxes shall be inspected for operability during the 10-year meter change-out program.

Subsequent to general agreement on the necessary elements of the Plan, Staff and LG&E began formulating the Settlement for submission to the Commission. Staff and LG&E agreed to the intent of the Settlement and Addendum on April 13, 1987. The principal features of the Settlement proposed to the Commission are as follows:

1. LG&E stipulates it has violated 807 KAR 5:006, Section 23, and agrees to a penalty in the amount of \$9,000.

2. The Curb Box Plan is to be implemented as stated in the Settlement and Addendum.

3. Implementation of the Curb Box Plan requires deviations from 807 KAR 5:006, Section 23, in that "Class Two" curb boxes will not be inspected annually and LG&E will be allowed three years from the date of this Order to inspect all "Class One" curb boxes.

4. LG&E recognizes that after a "Class One" curb box has been initially inspected it must be inspected each year thereafter and that any necessary corrections will be made as promptly as practicable but within no later than 90 days.

The Commission is of the opinion that the Plan as presented substantially meets the intent of the Commission's gas safety regulations, and mitigates the economic impact on the customers of LG&E. Therefore, the Commission will approve deviations from 807 KAR 5:022, Section 23(4)(a)3, regarding annual inspections in that approximately 115,000 curb boxes (Class Two) will be inspected only when meter change-out at the service occurs; and a three-year period should be allowed for LG&E to become current with the required annual inspections and remedial measures for approximately 100,000 curb boxes (Class One).

FINDINGS AND ORDERS

After reviewing the record and being advised, the Commission is of the opinion and hereby finds that:

1. As the result of the investigation of a gas related fire on February 12, 1986, it was determined that LG&E's record keeping

procedures failed to have an inaccessible curb box at the site of the incident corrected so as to be accessible.

2. The Stipulation and Proposed Settlement with Addendum constitutes a Curb Box Plan, which assigns a "Class One" and "Class Two" designation to the 215,000 curb boxes installed in the LG&E system. Each Class One curb box will be inspected annually after its initial inspection, and Class Two curb boxes will be inspected for accessibility and operability at the time of meter change-out at the service.

3. Approval of the Curb Box Plan should meet the intent of the Commission's gas safety regulations and minimize the financial impact of compliance on LG&E's gas customers.

4. Two deviations from the requirements of 807 KAR 5:006, Section 23(4)(a)3, in conjunction with LG&E's implementation of the Curb Box Plan should be approved.

5. The Settlement should be approved and adopted, including the Addendum and map attached thereto, and the assessment of a \$9,000 fine for LG&E's failure to comply with the requirements of 807 KAR 5:006, Section 23(4)(a)3, as referenced herein.

IT IS THEREFORE ORDERED that:

1. The Stipulation and Proposed Settlement, including the map and Addendum, be and it hereby is approved and adopted.

2. LG&E shall implement the Curb Box Plan as proposed in the Stipulation and Proposed Settlement and Addendum.

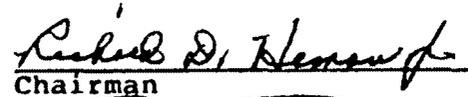
3. LG&E shall be granted deviations from 807 KAR 5:006, Section 23(4)(a)3, to the extent that the Curb Box Plan is implemented with the conditions prescribed herein in that "Class Two"

curb boxes will be inspected at time of periodic meter change out rather than annually, and LG&E will be allowed three years from the date of this Order to inspect and correct all "Class One" curb boxes in accordance with the terms of the Stipulation and Settlement adopted and attached hereto.

4. LG&E is assessed the agreed amount of \$9,000 for failure to comply with 807 KAR 5:006, Section 23(4)(a)3. Said penalty shall be made payable to the Kentucky State Treasurer and mailed to Ms. Leigh Hutchens, Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602.

Done at Frankfort, Kentucky, this 21st day of May, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director