

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY TO IMPLEMENT A GAS)	CASE NO.
REGULATOR INSPECTION AND REPLACEMENT)	2002-00262
PROGRAM)	

O R D E R

Louisville Gas and Electric Company (LG&E) has filed an application pursuant to Administrative Regulation 807 KAR 5:006, Section 27, requesting permission to deviate from Public Service Commission (Commission) regulation 807 KAR 5:006, Section 25(5)(b), and for authorization to implement a new residential service regulator inspection and replacement program. On November 7, 2002,¹ the Commission granted LG&E s application to implement a permanent statistical gas meter-sampling plan. In that Order the Commission denied LG&E s request for deviation from Administrative Regulation 807 KAR 5:006, Section 25(5)(b), finding that LG&E had not provided sufficient evidence that its proposal with regard to regulators will provide safe, reliable, and efficient service to its customers.

In its present application, LG&E requests authority to implement an aggressive 10-year program to replace approximately 190,554 residential regulators so that all residential regulators will have full internal relief devices equipped with vents open to

¹ Case No. 2000-00278, The Application of Louisville Gas and Electric Company for Approval of a Permanent Statistical Meter Sampling Plan.

the outside of the premises. After completion of the regulator replacement program, LG&E proposes to inspect residential regulators on a statistical basis in conjunction with, and as part of, its approved permanent statistical gas meter sampling plan.

After discussions with Commission Staff, LG&E submitted for Commission approval a plan wherein LG&E will, over a period of 10 years beginning July 2002, replace all residential regulators installed prior to 1996 with Schlumberger B42R or equivalent regulators. In addition, as part of its regulator inspection and replacement program, LG&E will improve and update the computer database systems used to monitor and report regulator performance in order to collect detailed information on regulator performance and repairs. LG&E proposes to inspect approximately 5,500 regulators and to replace approximately 19,000 regulators each year for a period of 10 years. LG&E states that at the completion of its regulator inspection and replacement program all residential regulators will be less than 15 years old and will have full internal relief devices equipped with vents open to the outside of the premises. LG&E estimates that the total cost of the 10-year regulator inspection and replacement program will be approximately \$9,669,000.

In 1995, the Commission approved a statistical meter-sampling plan for residential gas meters for LG&E for a pilot period of 5 years.² The Commission did not address regulator testing in that proceeding. In Case No. 2000-00278, in which the Commission approved the meter sampling plan on a permanent basis, LG&E

² Case No. 1994-00046, The Application of Louisville Gas and Electric Company for Approval of a Statistical Meter Sampling Plan for Residential Gas Meters Pursuant to 807 KAR 5:022, Section 8(5)(c), of the Commission's Regulations, final Order dated August, 23, 1995.

acknowledged that it had assumed a deviation from the regulation regarding regulator testing had been granted by the Commission when it approved the sample meter testing plan in 1995. The Commission finds that a deviation from Administrative Regulation 807 KAR 5:006, Section 25(5)(b), is required if LG&E intends to implement the regulator inspection and replacement plan proposed in this proceeding.

Administrative Regulation 807 KAR 5:006, Section 25(5)(b), requires all residential customer service regulators, vents and relief valve vents to be checked for satisfactory operation at intervals not to exceed the periodic meter test interval. Section 27 of that regulation states [i]n special cases, for good cause shown, the commission may permit deviations from this administrative regulation.

The Commission finds that the residential regulator inspection and replacement plan proposed by LG&E, in concert with leak surveys in residential areas, sufficiently addresses the safety concerns raised by the Commission in its November 7, 2000 Order. We find, therefore, that good cause exists to grant LG&E a deviation from 807 KAR 5:006, Section 25(5)(b), during the pendency of the plan. Although we believe at this point in time that good cause will exist for a permanent deviation to be granted once the plan is completed, we believe that our decision on that matter should be deferred until LG&E has actually completed the proposed plan. The Commission further finds that LG&E should document and report regulator performance and the repairs made to existing or new meters as part of its gas statistical meter sampling report filed on April 1 of each year.

IT IS THEREFORE ORDERED that:

1. LG&E is granted permission to deviate from Administrative Regulation 807 KAR 5:006, Section 25(5)(b), while it is conducting the regulator inspection and replacement plan outlined in its application.

2. If LG&E discontinues the regulator inspection and replacement plan, it shall notify the Commission.

3. If LG&E wishes to inspect residential regulators on a statistical basis in conjunction with, and as part of, its permanent statistical gas meter sampling plan, it shall request a permanent deviation at the completion of the inspection and replacement plan.

4. LG&E shall include as a part of its statistical gas meter sampling report filed April 1 of each year a report documenting regulator performance and the repairs made to existing or new regulators.

Done at Frankfort, Kentucky, this 29th day of August, 2002.

By the Commission

ATTEST:

W. H. Fowler
Deputy Executive Director