

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY)	
_____)	
FAILURE TO COMPLY WITH 49 C.F.R. 192.13(c),)	CASE NO. 2000-177
192.605(a), 199.225(a), and 807 KAR 5:022,)	
SECTIONS 1(7)(c), 9(17)(a)(3), and 13(3))	

O R D E R

By Order dated April 20, 2000, the Commission directed Louisville Gas and Electric Company (“LG&E”) to appear at a hearing on May 25, 2000 to show cause why it should not be subject to the penalties provided for under KRS 278.990 and 278.992 for three probable violations of Department of Transportation (“DOT”) regulations and Commission regulations. More specifically, the cited violations include 49 C.F.R. 192.13(c), 192.605(a), and 807 KAR 5:022, Sections 1(7)(c) and 13(3), all of which require the operator of a gas distribution system to maintain and follow written plans and procedures for conducting operations and maintenance activities and to prevent accidental gas ignition in a structure; 807 KAR 5:022, Section 9(17)(a)(3), which requires a gas utility to test all piping downstream from the meter for gas leaks each time gas is turned on by the utility by observing that no gas passes through the meter when all appliances are turned off; and 49 C.F.R. 199.225(a), which requires a gas utility to test a surviving employee for alcohol as soon as practical after an accident if

the employee's performance contributed to the accident or cannot be completely discounted as a contributing factor.

The probable violations arose from a November 4, 1999 accident at 2041 S. 41st Street, Louisville, Kentucky. An LG&E service technician turned on gas service to a residence to which service had been previously disconnected. The service technician did not test the piping downstream from the meter for gas leaks and performed a meter dial test for only a few seconds. After the service technician left the area, an explosion occurred which injured two residents. At LG&E's request, the hearing was held in abeyance and an informal conference was convened to provide an opportunity to discuss the operative facts surrounding this incident. LG&E appeared at the conference and the discussion with Commission Staff resulted in the filing of a Stipulation of Facts and Settlement Agreement ("Stipulation") on July 28, 2000.

The Stipulation, attached hereto as Appendix A and incorporated herein by reference, sets forth the relevant facts surrounding the accident, discusses the remedial measures taken by LG&E since that time, and provides for LG&E to pay a civil penalty in the amount of \$37,500 in full satisfaction of the probable violations.

In determining whether the terms of the Stipulation are in the public interest and are reasonable, the Commission has taken into consideration the comprehensive nature of the settlement and LG&E's willingness to cooperate to achieve a speedy resolution of this proceeding. Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the Stipulation is in accordance with the law and does not violate any regulatory principle. The Stipulation is a product of arm's-length

negotiations among capable, knowledgeable parties, is in the public interest, and results in a reasonable resolution of all issues in this case.

IT IS THEREFORE ORDERED that:

1. The Stipulation is adopted and approved in its entirety as a complete resolution of all issues in this case.

2. LG&E shall pay \$37,500 as a civil penalty within 30 days of the date of this Order by cashier's check or money order payable to the Kentucky State Treasurer and mailed or delivered to the Office of General Counsel, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.

Done at Frankfort, Kentucky, this 15th day of August, 2000.

By the Commission

ATTEST:



Executive Director, Acting