

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS & ELECTRIC)	
COMPANY)	
_____)	CASE NO. 2012-00239
)	
ALLEGED FAILURE TO COMPLY WITH)	
KRS 278.495)	

ORDER

Louisville Gas & Electric Company ("LG&E"), a Kentucky corporation which engages in the distribution of natural gas to the public for compensation for light, heat, power, and other uses, is a utility subject to Commission jurisdiction.¹

KRS 278.495 grants the Commission authority to regulate the safety of natural gas facilities owned or operated by any public utility. KRS 278.992 establishes the penalties for violations of any minimum safety standard adopted by the United States Department of Transportation pursuant to the federal pipeline safety laws.

KRS 278.030 requires every utility to furnish adequate, efficient and reasonable service. KRS 278.260 permits the Commission, upon its own motion, to investigate any act or practice of a utility that affects or is related to the service of a utility. KRS 278.280(1) further permits the Commission, after conducting such investigation and finding that a practice is unreasonable, unsafe, improper, or inadequate, to determine the reasonable, safe, proper, or adequate practice or methods to be observed and to fix same by Order.

¹ KRS 278.010(3)(b).

Pursuant to 278.280(2), which directs the Commission to prescribe rules and regulations for the performance of services by utilities, the Commission has promulgated Administrative Regulation 807 KAR 5:006, Section 24, which requires all utilities to adopt and *execute* a safety program.

Commission Staff submitted to the Commission an Incident Investigation Report ("Report") describing an incident that occurred on December 6, 2011 in Louisville, Kentucky, which is attached as Appendix A. The report alleges that, on December 6, 2011, at 5206 River Trail Place, Louisville, Kentucky, a four-inch plastic gas main was leaking which resulted in a house explosion.

According to the Report on the day of the incident, LG&E received a complaint of a gas smell outside the home of 5202 River Trail Place. Kenneth Peavler, LG&E Gas Trouble Technician, was dispatched to investigate at 3:54 a.m. Upon arrival, Mr. Peavler found high gas readings coming from the three storm drains at the intersection of River Trail Place and Queens Castle Drive. He stated he could hear the gas leak and assumed it was an underground main leak in the area only. He did not "bar test" at any time to check for migrating gas in order to establish his perimeter. He also stated that a sewer manhole eleven feet from the storm drain was not checked for migrating gas. At approximately 5:30 a.m., Mr. Peavler called in emergency locates and an LG&E construction crew (Steve Sumner and Roderick Allen) to assist him. He did not establish or monitor the perimeter, nor did he check service lines for migrating gas. He also did not check for gas inside any homes before the explosion. The explosion occurred at approximately 7:02 a.m.

The Report states that, following the explosion, Mr. Sumner and Mr. Allen checked and evacuated the two adjacent homes. The Report also states that two hours after the explosion, the fire department detected a 14 percent gas reading at 5207 River Trail Place and that home was immediately evacuated following the discovery.

The Report also states that during the investigation, records were reviewed and it was discovered that the Maximum Allowable Operating Pressure ("MAOP") of this system was exceeded on numerous occasions, according to the documents provided by LG&E and attached as Attachment G to the Report.

According to the Report, three people were inside the home at the time of the explosion, but all three were able to escape without injury. However, a family dog was not able to escape and perished in the explosion.

Based on Commission Staff's investigation of the incident and the information provided by LG&E in its 30-day summary report (Attachment E to the Report), Commission Staff alleges that LG&E has violated the following provisions of 49 CFR Part 192:

1. 49 CFR Part 192.605(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response.
2. 49 CFR Part 192.751. Each operator shall take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion.
3. 49 CFR Part 192.619(a). No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure.
4. 49 CFR Part 192.741(c). If there are indications of abnormally high or low pressure, the regulator and the

auxiliary equipment must be inspected and the necessary measures employed to correct any unsatisfactory operating conditions.

Based on its review of the Report and being otherwise sufficiently advised, the Commission finds that prima facie evidence exists that LG&E has failed to comply with KRS 278.495 and 807 KAR 5:006, Section 24(1). We further find that a formal investigation into the incident that is the subject matter of the Report should be conducted and that this investigation should also examine the adequacy, safety, and reasonableness of LG&E's practices related to the construction, installation and repair of natural gas facilities.

The Commission, on its own motion, HEREBY ORDERS that:

1. LG&E shall submit to the Commission, within 20 days of the date of this Order, a written response to the allegations contained in the Report.
2. LG&E shall appear on November 27, 2012, at 10:00 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard in Frankfort, Kentucky, for the purpose of presenting evidence concerning the alleged violations of KRS 278.495 and of showing cause why it should not be subject to the penalties prescribed in KRS 278.992 for these alleged violations.
3. At the scheduled hearing in this matter, LG&E shall also present evidence on the adequacy, safety, and reasonableness of its practices related to the construction, installation and repair of natural gas facilities and whether such practices require revision as related to this incident.
4. The November 27, 2012 hearing shall be recorded by videotape only.
5. The Report in Appendix A is made a part of the record in this case.

6. Any requests for an informal conference with Commission Staff shall be set forth in writing and filed with the Commission within 20 days of the date of this Order.

By the Commission

ENTERED ^{GA}
JUN 26 2012
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

David A. Brumwell for
Executive Director

Case No. 2012-00239

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00239 DATED **JUN 26 2012**

Due to the size of the investigative report and the attachments, they are being made available electronically. You may view the documents at the following link:

[http://psc.ky.gov/Home/Library?type=Cases&folder=2012 cases/2012-00239/PSC Investigation Files](http://psc.ky.gov/Home/Library?type=Cases&folder=2012%20cases/2012-00239/PSC%20Investigation%20Files)

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