



PATTY WALKER
Senior Vice President
Ohio & Kentucky Gas Operations

Duke Energy Corporation
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July 17, 2007

VIA OVERNIGHT AND ELECTRONIC MAIL

Ms. Linda Daugherty
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration
233 Peachtree Street; Suite 600
Atlanta, Georgia 30303

Dear Ms. Daugherty:

Re: Notice of Probable Violation CPF 2-2007-6009

Duke Energy Kentucky, Inc. (Duke Energy) acknowledges receipt of your correspondence dated June 21, 2007 regarding the notice of probable violation issued as a result of the Hazardous Liquid inspection conducted October 30 through November 3, 2006 on the propane pipeline in Kentucky. With respect to items 1, 3, 4 and 6, Duke Energy appreciates your decision to list these items as Warning Items and not to conduct additional enforcement action. These items have been reviewed and actions taken to ensure that inspections are documented and performed as required.

Your letter addressed 195.410 Line markers and 195.440 Public education as two items of concern. Duke Energy does not dispute this proposed order and intends to take the steps outlined in the proposed Compliance Order and will submit the appropriate written materials and safety improvement costs associated with fulfilling this Compliance Order once the Final Order is received.

If you have any questions regarding this matter, please contact Ms. Susan Gilb at (513) 287-2752.

Sincerely,

Patty Walker
Senior Vice President
Ohio and Kentucky Gas Operations

RECEIVED JUL 18 2007

PKW/smg