

## WARNING LETTER

### OVERNIGHT EXPRESS DELIVERY

March 27, 2020

Mr. John Malloy  
Vice President, Gas Distribution  
Louisville Gas & Electric Co.  
220 W. Main St.  
P.O. Box 32010  
Louisville, KY 40202

**CPF 1-2020-0003W**

Dear Mr. Malloy:

During the week of August 6-9, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Louisville Gas & Electric Co.'s (LG&E) underground natural gas storage field records for the Doe Run and Muldraugh storage fields in Meade County, Kentucky.

As a result of the inspection, it is alleged that LG&E has committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. **§ 192.12 Underground natural gas storage facilities.**
  - (a) ...
    - (d) **Each underground natural gas storage facility that uses a depleted hydrocarbon reservoir or an aquifer reservoir for gas storage, including those constructed not later than July 18, 2017 must meet the operations, maintenance, integrity demonstration and verification, monitoring, threat and hazard identification, assessment, remediation, site security, emergency response and preparedness, and recordkeeping requirements**

**and recommendations of API RP 1171, sections 8, 9, 10, and 11  
(incorporated by reference, see §192.7) by January 18, 2018.<sup>1</sup>**

LG&E failed to meet the applicable requirements and recommendations of API RP 1171, Section 9. Specifically, LG&E's records did not demonstrate that valves were maintained, repaired, or replaced in accordance with LG&E's valve maintenance program, as required by Section 9.3.2.

Section 9.3.2 states in part:

The valves shall be maintained, repaired, or replaced in accordance with the operator's valve maintenance program for isolation valves.

LG&E's valve maintenance and inspection program prescribes valve maintenance to be performed once a year, not to exceed 15 months. During the inspection, LG&E's valve maintenance records were reviewed. The records failed to demonstrate that valve maintenance was performed during 2018 for the Jackson, I. #2 wellhead assembly at Doe Run Storage Field and for the Sills, A. #2 wellhead assembly at Muldraugh Storage Field.

Therefore, LG&E failed to follow its valve maintenance program for isolation valves in accordance with Section 9.3.2.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so will result in LG&E being subject to additional enforcement action.

Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

No reply to this letter is required. If you choose to reply, please submit all correspondence in this matter to Robert Burrough, Director, PHMSA Eastern Region, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2020-0003W** on each document you submit, and

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<sup>1</sup> The final rule, Pipeline Safety: Safety of Underground Natural Gas Storage Facilities, 85 FR 8104 (February 12, 2020), revised § 192.12. The requirement cited in this Warning Letter is still present but is now codified in § 192.12(b)(2).

whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to [robert.burrough@dot.gov](mailto:robert.burrough@dot.gov). Larger files should be sent on USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

Robert Burrough  
Director, Eastern Region  
Pipeline and Hazardous Materials Safety Administration