

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 31, 2009

Ms. Patty Walker
Group Vice President
Duke Energy Corporation
139 East Fourth Street
Cincinnati, Ohio 45202

CPF 2-2009-5003W

Dear Ms. Walker:

On August 24 through August 25, 2009, a representative of the Kentucky Public Service Commission pursuant to Chapter 601 of 49 United States Code inspected your hazardous liquid (propane) facilities of Duke Energy Kentucky, Inc. in Erlanger, Kentucky.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

§195.404 Maps and Records.

- (c) Each operator shall maintain the following records for the periods specified;**
(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

Duke Energy was unable to supply any records that they had performed the required atmospheric corrosion inspections on above-ground piping. The deficiency was documented during the periodic Kentucky Public Service Commission inspection.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any 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 Duke Energy Corporation of being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2009-5003W**. 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).

Sincerely,

Linda Daugherty
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration