

## NOTICE OF AMENDMENT

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 12, 2012

Mr. James E. Mehring  
Vice President OH/KY Gas Operations  
Duke Energy Kentucky  
139 East Fourth Street, Room EX403  
Cincinnati, OH 45202

**CPF 2-2012-6012M**

Dear Mr. Mehring:

On April 16-20, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, inspected the Duke Energy Kentucky (Duke) *Hazardous Liquid Pipeline Integrity Management Program (IMP)* in Kenton County, Kentucky.

On the basis of the inspection, PHMSA has identified the apparent inadequacy found within Duke's IMP written procedures, as described below:

1. **§195.452 Pipeline integrity management in high consequence areas.**
  - ... (j) **What is a continual process of evaluation and assessment to maintain a pipeline's integrity?**
  - ... (5) **Assessment methods. An operator must assess the integrity of the line pipe by any of the following methods. The methods an operator selects to assess low frequency electric resistance welded or lap welded pipe susceptible to longitudinal seam failure must be capable of assessing seam failure must be capable of assessing seam integrity and of detecting corrosion and deformation anomalies.**
  - ... (iii) **External corrosion direct assessment in accordance with §195.588.**

Duke's *IMP Section 6.3, Implementation of Annual Assessment Plan*, was inadequate because it did not identify the specific IMP procedure Duke used to assess its pipeline.

Duke used its *IMP Procedure GD70.06-014, External Corrosion Direct Assessment Plan*, to assess its pipeline; yet, *Section 6.3, Implementation of Annual Assessment Plan*, did not address the use of ECDA to assess the pipeline.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Duke Energy Kentucky maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Wayne T. Lemoi, Director, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration Southern Region. In correspondence concerning this matter, please refer to **CPF 2-2012-6012M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Wayne T. Lemoi  
Director, Office of Pipeline Safety  
PHMSA Southern Region

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*