



June 8, 2018

Mr. James A. Urisko
Director, Office of Pipeline Safety Southern Region
Pipeline & Hazardous Materials Safety Administration
233 Peachtree Street
Suite 600
Atlanta, Georgia 30303

Re: Response to CPF 2-2018-6003M – Notice of Amendment

Dear Mr. Urisko:

Duke Energy submits this Response to the Notice of Amendment dated May 15, 2018. Your letter addressed four items. Duke Energy submits the following responses:

Item #1

§195.402 Procedural manual for operations, maintenance, and emergencies.

... (c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

... (13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

Duke Energy failed to comply with the regulation because its procedures did not contain sufficient detail to demonstrate that it periodically reviews the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found. Specifically, Duke Energy's Hazardous Liquid Operations Plan (HLOP) restated the regulatory language, but did not specify how Duke Energy would comply with this requirement, or how it would document the results demonstrating compliance. Duke Energy personnel provided the following in response to a request for records demonstrating compliance with 195.402(c)(13), specific to Duke Energy's Line LP03.

Duke Energy Procedure, titled "Erlanger Gas Plant - "Pigging" Liquid Propane Pipeline "LP03", which included a pigging operation log dated August 12, 2015. Also provided were 2 pre-job checklists associated with the tool run -- one from Duke Energy and another from the tool vendor each dated August 12, 2015. These documents do not convey any review of work to determine effectiveness of procedures.

A Field Observation Report, dated December 5, 2016, described as "Observed Plant Personnel run the plant doing a test run with procedures." Although this document appears to determine the effectiveness of the Erlanger Plant procedures while observing an employee perform work ("Test Run Procedure for Erlanger Gas Plant Yard Person"), the document does not convey how this relates to operation and maintenance of Line LP03.

Duke Energy's Response:

All procedures will be reviewed at intervals not exceeding 15 months, but at least once each calendar year and documentation maintained. Since the use of the pipeline is for propane-air peak shaving during the winter heating season, the pipeline has been taken out of service in order to perform maintenance and pressure testing operations. Operation of the LP03 pipeline will not resume until procedures have been reviewed.

Periodic reviewing of work performed by operator personnel to determine the effectiveness of the procedures was reviewed with the PHMSA inspector, however Duke Energy realizes that documentation was not available for all procedures and will adhere to a more formal review and documentation process.

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Item #2

§195.403 Emergency response training.

(a) Each operator shall establish and conduct a continuing training program to instruct emergency response personnel to:

(1) Carry out the emergency procedures established under 195.402 that relate to their assignments;

Duke Energy failed to comply with the regulation because it did not establish and conduct a continuing training program to instruct emergency response personnel on how to carry out the emergency procedures established under 195.402 that relate to their assignments. The procedures provided to the PHMSA inspector included only a copy of the regulation.

Duke Energy's Response:

Duke Energy Gas Plant personnel will incorporate the review and training of emergency response plans and procedures into their required activities. Documentation will be maintained and available upon request. Operation of the LP03 pipeline will not resume until all Gas Plant Operators have received this training.

Item #3

§195.452 Pipeline integrity management in high consequence areas.

... (h) What actions must an operator take to address integrity issues? --

... (4) Special requirements for scheduling remediation -- (i) Immediate repair conditions. An operator's evaluation and remediation schedule must provide for immediate repair conditions. To maintain safety ...

(ii) 60-day conditions. Except for conditions listed in paragraph (h)(4)(i) of this section, an operator must schedule evaluation and remediation of the following conditions within 60 days of discovery or condition. . .

(iii) 180-day conditions. Except for conditions listed in paragraph (h)(4)(i) and (ii) of this section, an operator must schedule evaluation and remediation of the following within 180 days of discovery of the condition: . . .

(iv) Other conditions. In addition to the conditions listed in paragraphs (h)(4)(i) through (ii) of this section, an operator must evaluate any condition identified by an integrity assessment or information analysis that could impair the integrity of the pipeline, and as appropriate, schedule the condition for remediation. Appendix C of this part contains guidance concerning other conditions that an operator should evaluate.

Section D2 of Duke Energy Procedure GD75.06-017, titled "Pipeline Evaluation and Remediation," and Procedure GD75.06.018, titled "Schedule of Repair Requirements (Time Lines)," include descriptions of repair conditions that are not consistent with 195.452(h)(4). Section D2 of Procedure GD75.06-017 specifies that 195.452(h)(4) defines repair conditions, and Duke Energy's Integrity Management (IM) Program procedures reference the correct definitions from the Code of Federal Regulations (CFR). Procedure GD75.06-017, however, does not consistently define repair conditions as delineated by the regulations. A comparison of various CFR definitions to those incorporated in Duke Energy Procedure GD75.06-017 is included below.. .

Duke Energy's Response:

Repair conditions are restated in Duke Energy Procedures GD75.06-018, titled "Schedule of Repair Requirements (Time Lines)" per 195.452(h)(4).

Duke Energy Procedures GD75.06-017, titled "Pipeline Evaluation and Remediation," GD75.06-018, titled "Schedule of Repair Requirements (Time Lines)" and GD75.01-005, titled "Pipeline Repair Criteria" were revised on October 19, 2017, immediately following the first week of the PHMSA inspection to include RSTRENG and ASME/ANSI B31G references as recommended by PHMSA. All other code references and response timing with regards to 195.452(h)(4) were listed in procedures GD75.06-018 and GD75.01-005. GD75.01-005, GD75.06-017 and GD75.06-018 shall be used together as a proper response to anomalies found through integrity assessments. Duke Energy will combine the procedures by the end of 2018 to eliminate confusion and achieve concise and effective procedures.

Item #4

§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 pipe or lap welded pipe susceptible to longitudinal seam failure must be capable of assessing seam integrity and of detecting corrosion and deformation anomalies.

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... (iv) Other technology that the operator demonstrates can provide an equivalent understanding of the condition of the line pipe. An operator choosing this option must notify OPS 90 days before conducting the assessment, by sending a notice to the address or facsimile number specified in paragraph (m) of this section.

Duke Energy Procedure GD70.06-006, titled "Assessment Methods Selection Process Flowchart," dated December 20, 2012, allows for the use of Internal Corrosion Direct Assessment (ICDA) on hazardous liquid pipelines without including the requirement to notify OPS 90 days before conducting this Other Technology assessment, as required by 195.452(j)(5)(iv). Furthermore, the referenced flowchart was confusing in that component ordering arrows and decision point diamonds are aligned in the wrong direction, or direct the user to an inappropriate decision point. Moreover, the above-referenced procedure and included flowchart do not adequately distinguish between Parts 192 and 195's assessment method selection requirements. The flowchart applies to both hazardous liquid and gas transmission pipelines (195.452 and Part 192 Subpart O, respectively). On November 16, 2011, PHMSA issued a Letter of Concern to Duke Energy expressing concerns that Duke Energy was not "differentiating between Parts 192 and 195" in its procedures (Duke Energy Kentucky, CPF 2-2011-6008C, Letter of Concern, November 16, 2011). The letter expressed PHMSA's hope that Duke Energy would improve its pipeline safety program based on these concerns. As of PHMSA's 2017 inspection, Duke Energy has not addressed the referenced concerns.

Duke Energy's Response:

Duke Energy will immediately revise procedure GD70.06-006, titled "Assessment Methods Selection Process Flowchart" to differentiate between natural gas, Part 192, and hazardous liquids, Part 195.

Duke Energy will address all other associated procedures by the end of 2018 to clearly delineate between Parts 192 and 195 to eliminate confusion.

If you have any questions regarding this information, please contact Ms. Susan Gilb at sue.gilb@duke-energy.com or (513) 287-2752.

Sincerely,



Victor Gaglio
Senior Vice President & Chief Operations Officer Natural Gas
Duke Energy

cc: M. Henderson
M. Huey
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