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July 24, 2007

Mr. Ivan A. Huntoon
Director, Central Region
Pipeline and Hazardous Materials Safety Administration
901 Locust, Suite 462
Kansas City, Missouri 64106-2641

Dear Mr. Huntoon:

Re: CPF 3-2007-5016M

Duke Energy Ohio, Inc. received your Notice of Amendment letter dated March 30, 2007 concerning the October 30, 2006 through November 3, 2006 review of our Propane Pipeline Operator Qualification Program in Ohio and Kentucky. The following are steps that Duke Energy Ohio and Kentucky (Duke Energy) has taken to address this letter for our Operator Qualification Program in Ohio and Kentucky.

Duke Energy, operating under the advice of the Pipeline and Hazardous Materials Safety Administration (PHMSA), contacted the National Center for Construction Education and Research (NCCER) to assist in the enhancement of Duke Energy's Liquid Operator Qualification Program. NCCER recommended that Duke Energy contact Construction Craft Academy, which operates as a nationally recognized certified instruction academy, to administer their training material. Duke Energy working with Construction Craft Academy identified the Covered Tasks that would be needed to improve the Liquid OQ Program for Duke Energy Gas Operations.

List of Duke Energy's new covered task list for Liquid Operator Qualification Program:

- 1.1 Measure structure-to-soil potentials
- 1.2 Conduct close interval survey
- 1.3 Test to detect interference
- 1.4 Inspect and perform electrical test of bonds
- 1.5 Inspect and test isolation devices
- 2.1 Inspect and verify test lead continuity
- 2.2 Repair damaged test leads
- 2.3 Install test leads by non-exothermic welding methods
- 2.4 Install test leads by exothermic welding methods
- 3.1 Obtain a voltage and current output reading from a rectifier
- 3.2 Check for a proper operation of a rectifier
- 4.1 Troubleshoot rectifier bond connections
- 4.2 Repair or replace defective rectifier components

- 4.3 Adjustment of rectifier
- 5.1 Inspect for physical damage on buried or submerged pipe
- 5.2 Inspect for external corrosion on buried or submerged pipe
- 5.3 Inspect the condition of external coating on buried or submerged pipe
- 7.1 Visual inspection of atmospheric coating
- 7.2 Prepare surface for atmospheric coating using hand and power tools
- 7.3 Perform water pressure cleaning
- 7.4 Prepare surface for atmospheric coating by abrasive blasting
- 7.5 Apply atmospheric coating using hand application methods
- 7.6 Apply atmospheric coating using spray applications
- 7.7 Use coating inspection tools
- 8.1 Measure pit depth with pit gauge
- 8.2 Measure wall thickness with handheld ultrasonic meter
- 8.3 Measure corroded area
- 9.1 Install bonds
- 9.2 Install galvanic anodes
- 9.3 Install rectifiers
- 9.4 Install impressed current groundbeds
- 9.5 Repair shorted casings
- 10.1 Insert and remove coupons
- 10.2 Monitor probes
- 90.0 Perform internal corrosion remediation
- 14.1 Locate line
- 14.2 Install line marker
- 14.3 Inspect and maintain line marker
- 14.4 Inspect and maintain aerial line markers
- 15.1 Visual inspection of the surface (Right of Way)
- 15.2 Reporting protocols (Right of Way)
- 19.1 Valve body winterization or corrosion inhibition
- 19.2 Valve lubrication
- 19.3 Valve seat sealing
- 19.4 Valve stem packing maintenance
- 19.5 Actuator/operator adjustment, electric
- 19.6 Actuator/operator adjustment, pneumatic
- 19.7 Actuator/operator adjustment, hydraulic
- 20.1 Routine walk-around inspection
- 20.2 External integrity inspection
- 20.3 Function test valve
- 20.4 Leak test valve
- 21.1 Repair valve actuator/operator, pneumatic
- 21.2 Disassembly/re-assembly of valve
- 21.3 Internal inspection of valve

- 21.4 Repair valve actuator/operator, hydraulic
- 21.5 Repair valve actuator/operator, electric
- 23.1 Maintain/repair relief valves
- 23.2 Maintain/repair pressure limiting devices
- 91.0 Inspect, test and calibrate pressure limiting devices and relief valves
- 25.1 Inspect, test and calibrate pressure switches
- 25.2 Inspect, test and calibrate pressure transmitters
- 92.0 Verify or set protection parameters for programmable controllers and/or other instrumentation control loops
- 93.0 Test overflow protective devices
- 94.0 Inspect and calibrate overflow protective devices
- 29.1 Launching in-line inspection devices
- 29.2 Receiving in-line devices
- 32.0 Monitoring excavation activities
- 33.1 Determine allowable line pressure in section to be moved
- 33.2 Preparation for movement activities
- 33.3 Moving in-service pipeline
- 36.1 Safe disconnect of pipeline facilities
- 36.2 Purging of pipeline facilities
- 36.3 Sealing a disconnect portion of pipeline
- 44.1 Inspection, testing and calibrations of leak detection equipment
- 44.2 Verify the leak detection system meets design parameters
- 95.0 Maintain fixed gas detection equipment
- 52.1 Conduct vegetation survey
- 52.2 Conduct a leak survey with CGD
- 52.3 Conduct a leak survey with a flame ionization unit
- 195.0 Abnormal Operating Conditions for Liquid
- 192.0 Abnormal Operating Conditions for Gas

Employees of Corrosion Control, Gas Production and Technical Services organization were required to take the initial assessment administered by Construction Craft the week of July 9, 2007. They were tested on the above tasks as required by their roles in the organization.

In addition, Duke Energy Gas Operations had nine employees successfully complete the Construction Craft Academy's Instructor Craft Training Program (ICTP). These nine employees are certified in the areas of training unit policies and procedures, training unit audit preparation and curriculum procurement procedures and are now qualified to utilize NCCER's training material to qualify other Duke Energy Gas Operations employees. In reviewing the assessment results of our employees, some employees will require additional training. Our nine employees certified to utilize NCCER's training

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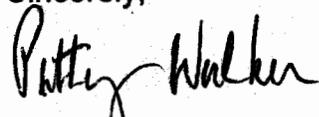
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material will work with these employees to successfully pass their remaining covered tasks prior to them performing these tasks in the field.

Duke Energy Gas Operations is in the process of making the necessary modification to our Operator Qualification Written Program. As required by Pipeline Safety Regulations 195.505 (i)(After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the Administrator or state agency has verified that it complies with this section.) upon completion, we will submit our modified OQ Written Program.

If you have any questions regarding this matter, please contact Mr. Randy Suttles at (513) 287-3921.

Sincerely,



Patty Walker
Senior Vice President
Ohio and Kentucky Gas Operations

PKW/rs

cc: Kentucky Public Service Commission
William Aitken
Melissa Holbrook