

## NOTICE OF AMENDMENT

**VIA ELECTRONIC MAIL TO: John.Crockett@lge-ku.com**

July 1, 2025

Mr. John R. Crockett III  
President and CEO  
Louisville Gas & Electric Company  
220 West Main Street  
Louisville, Kentucky 40202

**CPF 1-2025-023-NOA**

Dear Mr. Crockett:

From September 24 through September 26, 2024 and from October 1 through October 2, 2024, a representative 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 Company's (LG&E) underground natural gas storage facility procedures for the Magnolia Upper Storage Field in Larue County, Kentucky.

As a result of the inspection, PHMSA has identified apparent inadequacies found within LG&E's plans or procedures. The items inspected and the alleged inadequacies and proposed revisions are described below:

1. **§ 192.12 Underground natural gas storage facilities.**
  - (a) ...
  - (c) ***Procedural manuals.*** Each operator of a UNGSF must prepare and follow for each facility one or more manuals of written procedures for conducting operations, maintenance, and emergency preparedness and response activities under paragraphs (a) and (b) of this section. Each operator must keep records necessary to administer such procedures and review and update these manuals at intervals not exceeding 15 months, but at least once each calendar year. Each operator must keep the appropriate parts of these manuals accessible at locations where UNGSF work is being performed. Each operator must have written procedures in place before commencing operations or beginning an activity not yet implemented.

LG&E's written procedures for conducting operations and maintenance activities were inadequate to provide for safe operation of a pipeline facility in accordance with section 192.12(c). Specifically, LG&E's Management of Change (MOC) process failed to include a training requirement for underground storage operating personnel prior to the implementation of procedural changes as required by section 11.12.2 in American Petroleum Institute's Recommended Practice 1171 (2015) (API RP 1171), which is incorporated by reference in section 192.12(b).

Section 11.12.2 states that "[w]henver changes are made to the operating procedures specified in 11.3, operating personnel shall be notified and trained as necessary in the changes and training documented before operating storage wells and reservoirs."

During the inspection, PHMSA reviewed LG&E's *Gas Approved Operating Policies MOC* (GAOP-MOC-001) (01/01/2024). Section 6.6. in GAOP-MOC-001 required that all affected parties be notified of procedural changes before implementation. However, the section 6.6 requirement to train personnel prior to implementation applied only to gas controllers and not to underground storage operating personnel.

Therefore, LG&E's written procedures for conducting operations and maintenance activities were inadequate to provide for safe operation of a pipeline facility in accordance with section 192.12(c). LG&E must revise its procedures to address the inadequacy outlined above.

## 2. § 192.12 Underground natural gas storage facilities.

(a) ...

**(c) *Procedural manuals.* Each operator of a UNGSF must prepare and follow for each facility one or more manuals of written procedures for conducting operations, maintenance, and emergency preparedness and response activities under paragraphs (a) and (b) of this section. Each operator must keep records necessary to administer such procedures and review and update these manuals at intervals not exceeding 15 months, but at least once each calendar year. Each operator must keep the appropriate parts of these manuals accessible at locations where UNGSF work is being performed. Each operator must have written procedures in place before commencing operations or beginning an activity not yet implemented.**

LG&E's written procedures for conducting operations and maintenance activities were inadequate to provide for safe operation of a pipeline facility in accordance with section 192.12(c). Specifically, LG&E's *Gas Operation, Maintenance, and Inspection Manual Monitoring Gas Storage Wells Annular Areas* (GOMI-SO-MA-004) (01/01/2024), section 10.2.3, failed to adequately define the annular gas occurrence threshold level that triggers an evaluation for wells without annular ports as required by section 9.3.2 in API RP 1171, which is incorporated by reference in section 192.12(b).

Section 9.3.2 states, in part, that “[t]he operator shall evaluate each annular gas occurrence that exceeds operator- or regulatory-defined threshold levels determined from well integrity evaluation and from risk assessment.”

During the inspection, PHMSA reviewed LG&E’s GOMI-SO-MA-004, sections 10.2.3 and 10.2.4. For wells without annular ports, LG&E stated it will evaluate the annular leakage if it “creates an unsafe work area,” but it failed to include quantifiable criteria to define that phrase. Section 9.3.2 in API RP 1171 requires that operators establish a quantitative threshold level determined from a well integrity evaluation and from risk assessment. In addition, LG&E failed to provide details about the required investigation and remediation referenced in section 10.2.4.

Therefore, LG&E’s written procedures for conducting operations and maintenance activities were inadequate to provide for safe operation of a pipeline facility in accordance with section 192.12(c). LG&E must revise its procedures to address the inadequacies outlined above.

#### Response to this Notice

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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under section 190.211. 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 an Order Directing Amendment. If 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 CFR. § 190.206). 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 Louisville Gas & Electric maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration.

In correspondence concerning this matter, please refer to **CPF 1-2025-023-NOA** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

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