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December 27, 2017

Gwen R. Pinson
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

LG&E and KU Energy LLC
Legal Department
220 W. Main Street
P.O. Box 32030
Louisville, Ky 40232
www.lge-ku.com

Travis A Crump
Sr. Corporate Attorney
T 502-627-3537
travis.crump@lge-ku.com

RE: In the Matter of: VERIFIED APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR APPROVAL OF STATE WAIVER OF THE REASSESSMENT INTERVAL REQUIRED BY 49 C.F.R. §192.939, Case No. 2017-00482

Dear Ms. Pinson,

Enclosed for filing please find the original and ten copies of the Application of Louisville Gas and Electric Company in the above-referenced docket for a state waiver of the reassessment interval required by 49 C.F.R. § 192.939 for the Calvary Pipeline and the Petition of Louisville Gas and Electric Company for Confidential Protection of Certain As-Built Maps.

Should you have any questions or require any additional information, please do not hesitate to contact Allyson Sturgeon at (502) 627-2088 or me at (502) 627-3537.

Sincerely,

Travis A. Crump

cc: Kay McIver (*via U.S. Mail w/ Application only*)
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
1200 New Jersey Avenue, SE
Washington, DC 20590

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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**VERIFIED APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY FOR)
APPROVAL OF STATE WAIVER OF THE)
REASSESSMENT INTERVAL REQUIRED)
BY 49 C.F.R. §192.939)** **CASE NO. 2017-00482**

**LOUISVILLE GAS AND ELECTRIC COMPANY'S
VERIFIED APPLICATION FOR A
STATE WAIVER OF THE REASSESSMENT INTERVAL**

Pursuant to 807 KAR 5:001, 49 U.S.C. § 60118(d), 49 C.F.R. § 190.341, and 49 C.F.R. § 192.943, Louisville Gas and Electric Company (“LG&E”) respectfully requests a state waiver of the reassessment interval for the High Consequence Area (“HCA” or “covered segment”) of the Calvary Pipeline. Under 49 C.F.R. § 192.939, LG&E is required to conduct the reassessment of the HCA by December 31, 2017. However, under 49 C.F.R. § 192.943(a), LG&E may seek an extension of the reassessment interval if the in-line inspection (“ILI”) tool is not available or to maintain product supply during the reassessment interval. Under 49 C.F.R. § 192.943(b), LG&E must apply for the extension at least 180 days before the end of the reassessment interval, unless local product supply issues make the 180-day period impractical. In this case, LG&E meets the requirements to obtain an extension and local product supply issues made the 180-day period impractical.

As set forth in more detail herein, LG&E seeks a reasonable extension of time, to and including August 31, 2018, to complete the reassessment of the HCA. LG&E states that an extension of the reassessment interval is in the public’s interest. LG&E further states that it has taken proactive measures, above and beyond regulatory requirements, to ensure the safety

of the HCA until the reassessment is completed. LG&E further states that it was not practical to apply for a state waiver 180 days in advance, as required by 49 C.F.R. § 192.943, because LG&E had repeatedly attempted to run ILI tools during this period, most recently on December 4, 2017, but those attempts were unsuccessful. At this time, LG&E cannot run an ILI tool because it must maintain product supply during the heating season. Therefore, LG&E is applying for this state waiver as soon as reasonably practicable in light of the attendant circumstances. *See* 49 C.F.R. § 192.943(b).

The Kentucky Public Service Commission does not have specific rules covering state waivers. Therefore, LG&E is submitting this Application consistent with the general application requirements under 807 KAR 5:001, Section 14. State authorities are permitted under 49 U.S.C. § 60118(d) to grant waivers to intrastate pipeline operators, and the Kentucky Public Service Commission has granted such state waivers in the past. State waivers are substantively the same as special permits that the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) grants to interstate pipeline operators. Before the state may issue a state waiver to an intrastate pipeline operator, however, the state must provide at least 60 days’ notice to PHMSA to review and either object or approve the Application. *See* 49 U.S.C. § 60118(d). In support of this Application for a state waiver, and to ensure that the Kentucky Public Service Commission and PHMSA have sufficient information for their consideration, LG&E is providing the technical details and requirements for a special permit under 49 C.F.R. § 190.341.

In support of this Application, LG&E states as follows:

1. **807 KAR 5:001, Section 14 – Information to be Contained in State Waiver Application**
 - a. **Section 14(1): Each application shall state the full name, mailing address, and electronic mail address of the applicant, and shall contain fully the facts on which the application is based, with a request for the order, authorization, permission, or certificate desired and a reference to the particular law requiring or providing for the information.**

LG&E's full name and address are:

Louisville Gas and Electric Company
Post Office Box 32010
220 West Main Street
Louisville, Kentucky 40202

LG&E may be reached by electronic mail at the electronic mail addresses of its counsel and representatives set forth below:

Peter J. Clyde
Manager, Gas Regulatory Compliance
6900 Enterprise Drive
Louisville, Kentucky 40214
(502) 364-8715
pete.clyde@lge-ku.com

Allyson K. Sturgeon
Senior Corporate Attorney
LG&E and KU Energy, LLC
220 West Main Street
Louisville, Kentucky 40202
(502) 627-2088
allyson.sturgeon@lge-ku.com

Travis A. Crump
Senior Corporate Attorney
LG&E and KU Energy, LLC
220 West Main Street
Louisville, Kentucky 40202
(502) 627-3537
travis.crump@lge-ku.com

Rick Lovekamp
Manager, Regulatory Affairs and Tariffs
LG&E and KU Energy, LLC
220 West Main Street
Louisville, Kentucky 40202
(502) 627-3780
rick.lovekamp@lge-ku.com

Robert Conroy
Vice President, State Regulation and Rates
LG&E and KU Energy, LLC
220 West Main Street
Louisville, Kentucky 40202
(502) 627-3324
robert.conroy@lge-ku.com

LG&E sets forth the factual and legal basis to support this Application in Section 2, below.

- b. Section 14(2): If a corporation, the applicant shall identify in the application the state in which it is incorporated and the date of its incorporation, attest that it is currently in good standing in the state in which it is incorporated, and, if it is not a Kentucky corporation, state if it is authorized to transact business in Kentucky.**

LG&E was incorporated in Kentucky on July 2, 1913, and is currently in good standing in Kentucky.

2. Section 190.341(c) – Information to be Contained in Special Permit Application

- a. The name, mailing address, and telephone number of the applicant and whether the applicant is an operator**

LG&E's name, mailing address and telephone number are set forth in Section 1, above.

LG&E is the pipeline operator.

- b. A detailed description of the pipeline facilities for which the special permit is sought, including:**

- i. The beginning and ending points of the pipeline mileage to be covered and the Counties and States in which it is located;**

LG&E operates a natural gas transmission pipeline known as the Calvary Pipeline. The entire Calvary Pipeline is approximately 53 miles, but the HCAs are only 5.93 miles in total length. The locations of the HCAs are shown on the map in Attachment A.¹ They are located in Jefferson, Bullitt, Nelson, and Marion Counties.

ii. Whether the pipeline is interstate or intrastate and a general description of the right-of-way including proximity of the affected segments to populated areas and unusually sensitive areas;

The Calvary Pipeline is an intrastate pipeline under the jurisdiction of the Kentucky Public Service Commission. The pipeline lays in road rights-of-way at some points and traverses private property in other locations. The mileage of the entire Calvary Pipeline by class is approximately: Class 1 – 25.6 miles; Class 2 – 8.7 miles; Class 3 – 19.1 miles; and Class 4 – 0 miles. The Calvary Pipeline has 5.93 miles of pipe located in HCAs which were determined by calculating the pipeline potential impact radius. All HCAs are in Class 3 areas.

iii. Relevant pipeline design and construction information including the year of installation, the material, grade, diameter, wall thickness, and coating type; and

The 5.93 miles of pipeline in HCAs were constructed in the following decades: 6% in 1970s, 48% in the 1980s, 37% in the 1990s, 3% in the 2000s, and 6% in the 2010s. The 5.93 miles of pipe have the following properties: all of it is made of 12-inch diameter steel; the grade is 92% X42 and 8% X52; the wall thickness is 95% 0.219-inch and 5% 0.25-inch; and the coating is 54% coal tar and 46% fusion bonded epoxy. Of this data, 0.7 miles of the pipe grade reported is based on LG&E's historic construction practices for the pipe diameter and

¹ LG&E is filing herewith a Petition for Confidential Protection of this map and has marked Attachment A as "Confidential."

period of installation and 0.4 miles of the wall thickness is based on data obtained from a magnetic flux leakage (“MFL”) ILI.

iv. Relevant operating information including operating pressure, leak history, and most recent testing or assessment results

The pipeline is divided by the Bardstown regulator station as shown in the map in Attachment A. The portion of the pipeline north of Bardstown regulator station has a maximum allowable operating pressure (“MAOP”) of 400 psig. The portion of the pipeline south of Bardstown regulator station has an MAOP of 720 psig. LG&E completed an ILI assessment of the Calvary Pipeline in 2010. A geometry tool was run in 2009 and a MFL tool was run in 2010 as part of that assessment. That was the first time the pipeline had been inspected by ILI. LG&E replaced 0.6 miles of the pipeline afterwards based on the ILI findings. Results of the ILI indicated the pipeline was in good condition in all locations that were not replaced and/or repaired. The pipeline trunk line has not had leaks.

c. A list of the specific regulation(s) from which the applicant seeks relief

LG&E seeks relief from the reassessment interval required by 49 C.F.R. § 192.939. LG&E completed its prior assessment in 2010. Thus, LG&E must complete the reassessment of the HCA by December 31, 2017.

Reassessments may be done using ILI tools, or by performing a pressure test or direct assessment. LG&E cannot meet the December 31, 2017 deadline using any of the assessment options. However, the use of ILI provides more comprehensive and quantitative data regarding the integrity of the pipeline than the other assessment options. LG&E believes running an ILI tool when possible rather than performing a direct assessment is consistent with National Transportation Safety Board and PHMSA preferences.

Furthermore, LG&E estimates it would take four and a half months to complete a direct assessment of the HCA of the Calvary Pipeline, assuming vendors have personnel available. The earliest date a pressure test of HCAs on the Calvary Pipeline could begin would likely be June 2018 due to system supply needs. Pressure tests of all piping in the HCA would not likely be able to be completed in 2018. Moreover, pressure tests do not provide data regarding wall loss, dents or other pipeline conditions. Pressure tests simply indicate that the pipeline did not fail at a given pressure. For these reasons, LG&E is seeking to comply with 49 C.F.R. § 192.939 by running an ILI tool.

d. An explanation of the unique circumstances that the applicant believes make the applicability of that regulation or standard (or portion thereof) unnecessary or inappropriate for its facility

Under § 192.943, an operator may apply for an extension of the reassessment interval if: 1) the ILI tool is unavailable, or 2) to maintain product supply. Although LG&E successfully completed an in-line inspection of the entire Calvary Pipeline previously, LG&E's repeated attempts to in-line inspect the Calvary Pipeline in 2017 have been unsuccessful. LG&E ran ILI tools through the entire Calvary Pipeline in 2017 as follows:

7/10/2017	Cleaning tool run through pipeline
7/12/2017	Gauge plate tool run through pipeline
7/18/2017	Geometry tool run through the pipeline, but run determined to be unsuccessful. The tool became stuck in pipeline ells during the run. A joint connecting two sections of the tool sheared, splitting the tool into two pieces.
8/4/2017	Replacement of pipeline fittings believed to be the most challenging to pass in-line inspection tools began.
9/29/2017	Replacement of seven fittings completed.
10/2/2017	Geometry tool successfully run through the pipeline.
10/4/2017	Metal loss tool run through the pipeline, but run determined to be unsuccessful. The onboard computer shut off during the tool run. The vendor indicated the computer shutdown was due to tool vibration during the run.
10/24/2017	Metal loss tool run through the pipeline, but run determined to be unsuccessful. The odometer wheels broke off of the tool

12/4/2017 during the run. The vendor indicated the wheel became pinched against the tool while passing through a pipeline ell. Metal loss tool run through the pipeline, but run determined to be unsuccessful. The odometer wheels broke off of the tool during the run. The vendor indicated the wheel became pinched against the tool while passing through a pipeline ell.

LG&E has been able to identify only one vendor, T.D. Williamson (“TDW”), which has units capable of performing such an inspection given the pipeline properties. LG&E is working with TDW to address technical concerns prior to the next tool run. Specifically, TDW is making metal loss tool modifications designed to prevent the odometer wheels from breaking off of the tool prior to the next Calvary Pipeline run. LG&E is also consulting with TDW regarding whether it is possible to use alternate dual diameter metal loss tool in the Calvary Pipeline designed to pass through both 10-inch and 12-inch diameter pipelines. Since this dual diameter tool is designed to pass through pipe smaller than the 12-inch Calvary Pipeline, the tool should be less likely to have odometer wheel issues like those experienced in 2017. For those reasons, LG&E believes that it will be successful in running a metal loss tool in the Calvary Pipeline during the requested extension of time.

At present, an extension of time for LG&E to complete reassessment is necessary to maintain product supply during the heating season. Additional metal loss tool in-line inspection attempts in December 2017 are not being pursued due to the inability to maintain product supply should the tool become stuck during the heating season. Flow conditions in the Calvary Pipeline during the heating season would also cause data quality issues. Given LG&E’s repeated good faith attempts to run ILI tools in compliance with regulatory requirements, LG&E is now past the 180-day period to seek a waiver of the reassessment interval. However, the 180-day period only applies to requests based on the lack of availability of ILI tools, not to applications based on inability to maintain product supply. Accordingly,

LG&E requests a limited waiver from the reassessment interval requirement set forth in 49 C.F.R. § 192.939, and be allowed to conduct the in-line inspection of its Calvary Pipeline by August 31, 2018, rather than by December 31, 2017.

- e. A description of any measures or activities the applicant proposes to undertake as an alternative to compliance with the relevant regulation, including an explanation of how such measures will mitigate any safety or environmental risks**

LG&E intends to restrict the pipeline operating pressure to no more than 394 psig on the portion of the Calvary Pipeline north of Bardstown regulator station and 512 psig on the portion of the Calvary pipeline south of Bardstown regulator station. LG&E operated the northern portion of the pipeline at a recent peak pressure of 394 psig on January 4, 2017. LG&E operated the southern portion of the pipeline at a recent peak pressure of 512 psig on February 19, 2015. The pressure restriction for the northern portion is 1.5% below its MAOP of 400 psig and for the southern portion is 28.9% below its MAOP of 720 psig. These pressure restrictions ensure the pipeline will only be exposed to stress levels that it has safely operated under in recent times. The use of pressure restrictions to ensure pipeline safety is used in federal pipeline safety regulations, such as in §192.933. LG&E will not remove the pressure restrictions until it is ready to in-line inspect the pipeline. The pressure restrictions will be removed at that time in order to allow flexibility during in-line inspection operations. Based on modeling and historic practice, pressure restrictions beyond those discussed above are not possible while ensuring system reliability. These operating pressures ensure that reliable gas supplies are available to serve up to 9,500 customers on the Mount Washington to Boston, KY gas distribution system. This system is designed to be supplied from LG&E's Calvary Pipeline. Additionally, these operating pressures are required on the Calvary Pipeline to

receive gas from Tennessee Gas Pipeline Company at Calvary City Gate Station and deliver those supplies to the Louisville distribution system.

In addition to the pressure restrictions, LG&E intends to conduct leak surveys of the pipeline in HCAs twice a month until the assessment is completed, which far exceeds regulatory requirements. The use of leak surveys to ensure pipeline safety is used in federal pipeline safety regulations, such as §192.706.

f. A description of any positive or negative impacts on affected stakeholders and a statement indicating how operating the pipeline pursuant to a special permit would be in the public interest

LG&E states there will be no negative impact to stakeholders. LG&E completed an in-line inspection assessment in 2010. Because performing a reassessment using ILI tools provides more comprehensive and quantitative data regarding the integrity of the pipeline than other assessment methods, it is in the public's best interest to grant the waiver. LG&E anticipates that a metal loss tool run will be completed by May 2018. An extension to August 31, 2018 is being requested to allow LG&E time to address any further issues that may arise. Therefore, LG&E believes that the length of the extension to perform the reassessment from December 31, 2017 to August 31, 2018 is reasonable, particularly because LG&E will impose the safety measures described herein until the assessment is completed.

g. A certification that operation of the applicant's pipeline under the requested special permit would not be inconsistent with pipeline safety

LG&E certifies that this application for a waiver is not inconsistent with pipeline safety. The verification of Peter J. Clyde, Manager, Gas Regulatory Compliance, is attached hereto as Attachment B.

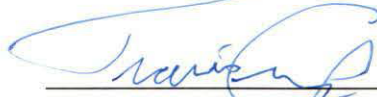
h. Any other information PHMSA may need to process the application including environmental analysis where necessary

LG&E will provide any additional information that may be required to support this application.

WHEREFORE, Louisville Gas and Electric Company respectfully states that it meets the requirements for an extension of time to conduct its reassessment under § 192.943, requests a reasonable extension of this interval to August 31, 2018, and anticipates that the requisite in-line inspection will be completed prior to August 31, 2018.

Dated: December 27, 2017

Respectfully submitted,



Allyson K. Sturgeon
Senior Corporate Attorney
Travis Crump
Senior Corporate Attorney
LG&E and KU Services Company
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-2088
Fax: (502) 627-3367
allyson.sturgeon@lge-ku.com
travis.crump@lge-ku.com
*Counsel for Louisville Gas and
Electric Company*

Attachment A – Calvary Gas Transmission Pipeline
Map Redacted as Confidential

Attachment B - Verification

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **PETER J. CLYDE**, being duly sworn, deposes and says he is the Manager, Gas Regulatory Compliance, for Louisville Gas and Electric Company, and that he has personal knowledge of the matters set forth in the foregoing application and the information contained herein is true and correct to the best of his information, knowledge and belief.



PETER J. CLYDE

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 27 day of December 2017.



Notary Public



My Commission Expires:
June 21, 2018

MY COMMISSION EXPIRES:
June 21, 2018

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PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**VERIFIED APPLICATION OF LOUISVILLE GAS)
AND ELECTRIC COMPANY FOR APPROVAL OF) CASE NO.
STATE WAIVER OF THE REASSESSMENT) 2017-00482
INTERVAL REQUIRED BY 49 C.F.R. §192.939)
)**

**PETITION OF LOUISVILLE GAS AND ELECTRIC COMPANY
FOR CONFIDENTIAL PROTECTION OF CERTAIN AS-BUILT MAPS**

Louisville Gas and Electric Company ("LG&E"), pursuant to 807 KAR 5:001, Section 13, respectfully petitions the Commission to classify as confidential and protect from public disclosure a gas pipeline map attached as Attachment A to LG&E's application in this matter. For reasons involving homeland security, LG&E respectfully requests that the Commission grant confidential protection of the Calvary Gas Transmission Pipeline High Consequence Area ("HCA") map.

In further support of this Motion, LG&E states as follows:

1. Under the Kentucky Open Records Act, the Commission is entitled to withhold from public disclosure information confidentially disclosed to it to the extent that open disclosure would "have a reasonable likelihood of threatening the public safety by exposing a vulnerability in preventing, protecting against, mitigating, or responding to a terrorist act and limited to: ... (f) infrastructure records that expose a vulnerability referred to in this subparagraph through the disclosure of the location, configuration, or security of critical systems, including public utility critical systems. These critical systems shall include but not be limited to information technology, communication,

electrical, fire suppression, ventilation, water, wastewater, sewage, and gas systems and (g) the following records when their disclosure will expose a vulnerability referred to in this subparagraph: detailed drawings, schematics, maps, or specifications of structural elements, floor plans, and operating, utility, or security systems of any building or facility owned, occupied, leased, or maintained by a public agency.” See KRS 61.878(1)(m)1. Succinctly put, the HCA map attached hereto provides information about one of LG&E’s gas pipelines. The public disclosure of it could threaten the public safety generally.

2. The information for which LG&E is seeking confidential treatment is not known outside of LG&E, except by regulators, is not broadly available within LG&E or its affiliates, and is generally recognized as confidential and proprietary information in the energy industry.

3. If the Commission disagrees with this request for confidential protection, it must hold an evidentiary hearing (a) to protect LG&E’s due process rights and (b) to supply the Commission with a complete record to enable it to reach a decision with regard to this matter. Utility Regulatory Commission v. Kentucky Water Service Company, Inc., Ky. App., 642 S.W.2d 591, 592-94 (1982).

4. In accordance with 807 KAR 5:001, Section 13(2)(a)3b, LG&E seeks protection of the entire document. LG&E is filing with the Commission an original of the Calvary Gas Transmission Pipeline HCA map identified as confidential. LG&E seeks protection of this document indefinitely.

WHEREFORE, Louisville Gas and Electric Company respectfully requests the Commission to grant confidential protection of the Calvary Gas Transmission Pipeline HCA map indefinitely.

Dated: December 27, 2017

Respectfully submitted,



Allyson K. Sturgeon
Senior Corporate Attorney
Travis A. Crump
Senior Corporate Attorney
LG&E and LG&E Services Company
220 West Main Street
Louisville Kentucky, 40202
Telephone: (502) 627-2088
allyson.sturgeon@lge-ku.com

Counsel for Louisville Gas and Electric Company