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Case No. 2015-00419

Re: Louisville Gas & Electric Company – Request for Waiver of Reassessment Interval

Dear Mr. Hurt,

This letter is Louisville Gas & Electric Company's ("LG&E") application for a state waiver of the reassessment interval required by 49 C.F.R. § 192.939. LG&E meets the requirements for a state waiver pursuant to 49 U.S.C. § 60118(c) and 49 C.F.R. § 192.943.

As set forth in more detail herein, LG&E states that this application is made in good faith, that a longer reassessment interval for the covered segment of pipeline is necessary given the recent unavailability of the required in-line inspection ("ILI") tools, the current need to maintain product supply during the heating season, and that LG&E has taken steps to ensure the safety of the covered segment until the reassessment is completed. LG&E further states that this application is made less than 180 days from when the reassessment is due, but the deadline does not apply given that product supply is at issue. The waiver application is also made as soon as reasonably practicable in light of the attendant circumstances.

State waivers are similar to special permits, but before the state may issue a state waiver, the state must provide the Pipeline and Hazardous Materials Safety Administration ("PHMSA") with a 60-day review period. To provide sufficient background and detail in support of this state waiver request, LG&E is submitting this application consistent with the requirements for a special permit under 49 C.F.R. § 190.341. In support of this application, LG&E states as follows:

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

Louisville Gas & Electric Company ("LG&E")
Attn: Peter Clyde
Manager, Gas Regulatory Compliance
6900 Enterprise Drive
Louisville, Kentucky 40214



PPL companies

(502) 364-8715

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The applicant is the pipeline operator.

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

LG&E operates a natural gas transmission pipeline known as the Ballardsville West gas transmission pipeline (the “Ballardsville Pipeline”).

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

The Ballardsville Pipeline begins at Elder Park City Gate Station and ends at Zorn Avenue. It is located in Oldham and Jefferson Counties and is approximately 19 miles long.

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;

Ballardsville Pipeline is an intrastate pipeline under the jurisdiction of the Kentucky Public Service Commission. The pipeline lays in road right-of-way at some points and traverses private property in other locations. Approximately 65% of the pipeline is in a Class 3 area and the remainder is in Class 1 and 2 areas. Approximately 4-1/4 miles of the pipeline are in high consequence areas (“HCA”).



PPL companies

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

The Ballardsville Pipeline is primarily 12-inches in diameter, but includes two road crossings that are 16-inches in diameter. The pipeline was originally installed from December 31, 1964 to July 12, 1967, prior to the effective date of the federal pipeline safety regulations. The pipe in the HCA is made of steel and is 12-inches in diameter.

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

The pipeline commonly operated between 220 psig and 333 psig in 2015. The peak pressure of 333 psig was obtained on June 24, 2015. LG&E completed a direct assessment of the Ballardsville Pipeline on February 2, 2006. Seven years later, LG&E completed a confirmatory direct assessment of the pipeline as required under the regulations. Results of the direct assessment and confirmatory direct assessment indicated the pipeline was in good condition. Two leaks occurred on the pipeline; one in 2008 and the other in 2014, both were addressed promptly.

3. 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 conducted its prior assessment on February 2, 2006. Thus, under this section, LG&E must complete the reassessment of the covered segment in 2016. The reassessment may be done using ILI tools, or by performing a pressure test or direct assessment. However, the use of ILI provides more comprehensive and quantitative data about the integrity of the pipeline than the other assessment options, and may identify if mechanical couplings are present.

Under prior regulatory interpretations, if an operator conducted its assessment on February 2, 2006 for a pipeline with a 10-year maximum reassessment interval, the operator would have to conduct the reassessment any time on or before February 2, 2016. However, in 2011, Congress modified 49 U.S.C. § 60109 to clarify that an operator must calculate certain reassessment intervals as *calendar* years, but it is unclear if the calendar year calculation applies to all maximum reassessment intervals set forth in 49 C.F.R. § 192.939. Based on the date of the prior assessment of the Ballardsville Pipeline, the next integrity assessment deadline on that pipeline is either February 2, 2016 or December 31, 2016, depending on the interpretation of the



regulatory provision. LG&E cannot meet the February 2, 2016 deadline, but anticipates that it can meet the December 31, 2016 deadline.

4. An explanation of the unique circumstances that the applicant believes makes 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. In this case, an extension is necessary to maintain product supply during the heating season.

Consistent with LG&E's commitment to pipeline safety, LG&E recently modified the Ballardsville Pipeline to make it possible to use ILI tools in conducting assessments. However, due to the variable diameter of the pipeline and internal diameter restrictions, a special ILI tool pull unit must be used to conduct the assessment. LG&E has been able to identify only one vendor, the ROSEN Group, which has the unit necessary to perform such an inspection. Upon information and belief, the ROSEN Group owns only two 12-inch by 16-inch pull units in its worldwide fleet, and both pull units were damaged recently. LG&E received notice on December 7, 2015 that one of the pull units has been repaired and is available. However, the pipeline is a one-way feed and that product supply may not be able to be maintained if the ILI tool becomes stuck, so LG&E cannot conduct the in-line inspection during the heating season. Thus, it is not possible to meet the February 2, 2016 deadline. LG&E has been advised that at least one of the necessary pull units will be available for its use following the heating season in 2016.

A summary of events related to the Ballardsville ILI are as follows.

- | | |
|-----------|---|
| 3/13/2014 | Exploratory digs conducted to confirm pipeline modifications needed to allow passage of ILI tools. |
| 7/1/2014 | Contract established with ROSEN Group to perform inline inspection of the pipeline. |
| 7/16/2014 | Pipeline modification construction began to make pipeline capable of passing ILI tools. |
| 5/12/2015 | Pipeline modifications completed. |
| 7/10/2015 | ROSEN gauge plate ILI tool successfully run through pipeline. |
| 7/14/2015 | ROSEN high resolution geometry ILI tool successfully run through pipeline. |
| 7/16/2015 | After reviewing data gathered by the geometry tool, ROSEN informed LG&E that the multi-diameter metal loss ILI tool that had already been mobilized to Louisville, Kentucky and was |



- planned to be used in the line would not be able to pass through the pipeline. A 12-inch x 16-inch pull unit could be used with an alternate metal loss tool to inspect the pipeline since this configuration could pass tighter internal diameter restrictions.
- 8/25/2015 The second 12-inch x 16-inch pull unit ROSEN owned was damaged in an alternate pipeline shortly before the scheduled inspection of the Ballardsville Pipeline. ROSEN's other 12-inch x 16-inch pull unit had already been damaged.
- 9/3/2015 ROSEN indicated it had expected the pull unit repairs to take approximately two months, which would make the tool available at the end of October 2015.
- 9/30/2015 Jason Hurt, Kentucky Public Service Commission, Branch Director, Gas Pipeline Safety Branch, was informed of the situation. As a precautionary measure, in the event the pull unit would not be repaired soon enough for the ILI to be completed in 2015 prior to the winter heating season, Mr. Hurt's assistance was requested in gaining clarification from PHMSA on whether the reassessment deadline for the Ballardsville Pipeline is February 2, 2016 or December 31, 2016.
- 12/7/2015 ROSEN advised that the pull unit was repaired and is available for use as indicated in the attached e-mail. However, the inability to maintain product supply should the tool become stuck during the winter heating season precludes the use of the tool at this time.

As reflected in this timeline, LG&E became aware of the unavailability of the necessary ILI tool in August 2015, but believed it would become available for use before the heating season. LG&E just learned that the ILI tool was repaired and available, but LG&E cannot perform the assessment until the Spring of 2016 at the earliest. The 180-day waiver application deadline only applies to applications based on lack of ILI tool availability, not to applications based on inability to maintain product supply. Accordingly, if the applicable assessment deadline imposed by 49 C.F.R. § 192.939 is calculated from the day, month and year of the prior assessment, LG&E respectfully requests a limited waiver from that requirement and be allowed to conduct the in-line inspection of its Ballardsville Pipeline prior to October 31, 2016, rather than prior to February 2, 2016, because of the need to maintain product supply.

- 5. 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 266 psig, 20% below the recent peak pressure of 333 psig obtained on June 24, 2015, and 33% below the MAOP of 400 psig, to ensure the safe operation of the pipeline. LG&E will not remove the pressure restriction until the reassessment is completed. A 20% reduction in operating pressure ensures the pipeline will only be exposed to stress levels well beneath those that it has safely operated under in recent time. The use of such a pressure restriction to ensure pipeline safety is used in federal pipeline safety regulations, such as in § 192.933.

6. 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 respectfully states that there will be no negative impact to stakeholders. LG&E conducted a direct assessment in 2006 and a direct confirmatory assessment in 2013. It was necessary for LG&E to wait for the ILI tools to be repaired in order to complete the ILI, and it is now necessary to wait to complete the reassessment until after the heating season in 2016 in order to maintain product supply. Furthermore, performing a reassessment using ILI tools provides more comprehensive and quantitative data about the integrity of the pipeline than other assessment methods. Therefore, it is in the public's best interest to grant the waiver. LG&E anticipates that the ILI tools will be available in 2016. Therefore, LG&E respectfully states that the length of the extension to perform the reassessment from February 2, 2016 to October 31, 2016 is reasonable, particularly since LG&E will restrict the operating pressure of the covered segments until the assessment is completed.

7. 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.

8. If the application is for a renewal of a previously granted waiver or special permit, provide a copy of the original grant of the waiver or permit.

Not applicable.

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



Upon request, LG&E will provide any additional information deemed necessary to support this application.

In conclusion, LG&E meets the requirements for a longer reassessment interval required under § 192.943. If the deadline for the reassessment is February 2, 2016, LG&E seeks a reasonable extension of this interval, to October 31, 2016. In the alternative, if all maximum reassessment intervals set forth in § 192.939 are calculated based upon calendar years – consistent with the 2011 modification to 49 U.S.C. § 60109 – then LG&E does not require an extension. LG&E anticipates that we will be able to complete the requisite in-line inspection prior to October 31, 2016.

Therefore, LG&E respectfully requests either: 1) a state waiver of the reassessment interval by extending the deadline from February 2, 2016 to October 31, 2016, or 2) a regulatory interpretation that all maximum reassessment intervals set forth in 49 C.F.R. § 192.939 are calculated based on the calendar year of the prior assessment, rather than from the day, month and year of the prior assessment.

Should you have any questions or require any additional information, please do not hesitate to contact the undersigned (502) 627-2756.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Gregory Cornett".

J. Gregory Cornett

cc: Jeffrey D. Wiese, Associate Administrator for Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, 1200 New Jersey Avenue SE, Washington, DC 20590 Fax 202-493-2311 (w/enclosure)

Crump, Travis

From: Joey Trevino <jtrevino@rosen-group.com>
Sent: Wednesday, December 09, 2015 10:58 AM
To: Clyde, Peter
Subject: 12x16 tool availability

Pete,

Just following up on the dual diameter tool availability discussion we had.

Due to the repairs that were needed on the dual diameter pull unit, the first date the tool was available for service was December 7, 2015. Please let me know if you require further details.

Best Regards,

Joey Trevino
Project Manager

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