

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY FOR A LIMITED)	
DEVIATION FROM THE PROVISIONS OF)	CASE NO. 2016-00173
CERTAIN SECTIONS OF 807 KAR 5:022)	

APPLICATION

Louisville Gas and Electric Company (“LG&E” or the “Company”) hereby petitions the Kentucky Public Service Commission (“Commission”) to issue an Order granting it a limited deviation from the provisions of Commission regulations 807 KAR 5:022, Section 10(16), Section 10(17), Section 10 (22)(b)(2), Section 14(6), and Section 14(8)(a). This application is made pursuant to 807 KAR 5:001, Section 14. In support of this Application, LG&E respectfully states:

1. The full name and mailing address of LG&E is: Louisville Gas and Electric Company, Post Office Box 32010, 220 West Main Street, Louisville, Kentucky 40202. LG&E is a Kentucky corporation authorized to do business in the Commonwealth of Kentucky.
2. LG&E is a utility engaged in the electric and gas business. LG&E generates and purchases electricity, and distributes and sells electricity at retail in Jefferson County and portions of Bullitt, Hardin, Henry, Meade, Oldham, Shelby, Spencer and Trimble Counties. LG&E also purchases, stores and transports natural gas and distributes and sells natural gas at retail in Jefferson County and portions of Barren, Bullitt, Green, Hardin, Hart, Henry, Larue, Marion, Meade, Metcalfe, Nelson, Oldham, Shelby, Spencer, Trimble and Washington Counties.

3. LG&E was incorporated in Kentucky on July 2, 1913, and is currently in good standing in Kentucky.
4. Pursuant to KRS 278.380, KU waives any right to service of Commission orders by mail for purposes of this proceeding only. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

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Deviation from 807 KAR 5:022, Section 10(16)

5. Commission regulation 807 KAR 5:022, Section 10(16) provides as follows:
 - (a) *Pipelines installed after July 31, 1971. Each aboveground pipeline or portion of pipeline installed after July 31, 1971, exposed to the atmosphere shall be cleaned and either coated or jacketed with material suitable for prevention of atmospheric corrosion. An operator need not comply with this paragraph, if the operator can demonstrate by test, investigation, or experience in the area of application, that a corrosive atmosphere does not exist.*
 - (b) *Pipelines installed before August 1, 1971. Each operator having an aboveground pipeline or portion of pipeline installed before August 1, 1971, exposed to the atmosphere, shall:*
 1. *Determine areas of atmospheric corrosion on the pipeline;*
 2. *If atmospheric corrosion is found, take remedial measures to the extent required by applicable paragraphs of subsections (19), (20), or (21) of this section; and*
 3. *Clean and either coat or jacket areas of atmospheric corrosion on the pipeline with material suitable for prevention of atmospheric corrosion.*
6. This regulation is similar to federal standards set forth at 49 CFR 192.479(c), which requires each operator to clean and coat each pipeline or portion of pipeline that is exposed

to atmosphere except, in pertinent part, those “for which the operator demonstrates by test, investigation, or experience appropriate to the environment of the pipeline that corrosion will (1) only be light surface oxide; or (2) not affect the safe operation of the pipeline before the next scheduled inspection.”

7. LG&E desires to apply the atmospheric corrosion control requirements set forth in 49 CFR 192.479, in lieu of that set forth in 807 KAR 5:022, Section 10(16). This will allow it operational flexibility to determine whether or not it is appropriate and necessary for safe operation to paint piping before the next scheduled inspection if there is just light surface oxide. If it is not appropriate and necessary to paint the piping, it will be reevaluated during the next inspection.
8. Accordingly, LG&E is seeking a limited deviation from the Commission with regard to 807 KAR 5:022, Section 10(16), allowing it to comply with the inspection interval set forth in 49 CFR 192.479.

Deviation from 807 KAR 5:022, Section 10(17)

9. Commission regulation 807 KAR 5:022, Section 10(17) provides as follows:
After meeting the requirements of subsection (16)(a) and (b) of this section, each operator shall, at intervals not exceeding three (3) years, reevaluate each pipeline exposed to the atmosphere and take protective action whenever necessary against atmospheric corrosion.
10. This regulation is similar to federal standards set forth at 49 CFR 192.481, which requires reevaluation of each pipeline once every three calendar years, but with intervals not to exceed 39 months for onshore pipelines. This federal regulation previously also mandated reevaluation at intervals not to exceed three years, but was amended in 2003 to require reevaluation once every three calendar years not to exceed 39 months.

11. LG&E desires to utilize the inspection interval set out in 49 CFR 192.481, in lieu of that set forth in 807 KAR 5:022, Section 10(17). This will allow operational and scheduling flexibility and also provide efficiencies by allowing some work to be coordinated with leak surveys on cathodically unprotected distribution lines on which electrical surveys are impractical outside of business districts. These leak surveys are completed once every three years, not to exceed 39 months, as required by 49 CFR 192.723(b)(2).
12. Accordingly, LG&E is seeking a limited deviation from the Commission with regard to 807 KAR 5:022, Section 10(17), allowing it to comply with the inspection interval set forth in 49 CFR 192.481.

Deviation from 807 KAR 5:022, Section 10(22)(b)(2)

13. Commission regulation 807 KAR 5:022, Section 10 (22)(b)(2) provides as follows:
 - (b) Each of the following records shall be retained for as long as the pipeline remains in service:*
 2. *Records of each test, survey, or inspection required by this subsection, in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist.*
14. This regulation is similar to federal standards set forth at 49 CFR 192.491(c), which require retention of corrosion control records for five years, except that records related to 192.465(a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service. This federal regulation previously mandated retention of these records for the life of the facility, but was amended in 1996 to require retention for five years.
15. LG&E wishes to follow the retention requirements set forth in 49 CFR 192.491(c), in lieu of the longer retention period required by 807 KAR 5:022, Section 10(22)(b)(2). Records of this nature older than five years do not provide operational value to LG&E and are an administrative burden to maintain. Moreover, because the Commission's Gas Pipeline

Safety Branch typically inspects utilities' records every three years, it has an opportunity to review all records prior to expiration of the five-year retention period.

16. Accordingly, LG&E is seeking a limited deviation from the Commission with regard to 807 KAR 5:022, Section 10(22)(b)(2), allowing it to comply with the corrosion record retention period set forth in 49 CFR 192.491(c).

Deviation from 807 KAR 5:022, Section 14(6)

17. Commission regulation 807 KAR 5:022, Section 14(6) provides as follows:

Each utility shall keep records covering each leak discovered, repair made, transmission line break, leakage survey, line patrol, and inspection, for as long as the segment of transmission line involved remains in place.

18. This regulation is similar to federal standards set forth at 49 CFR 192.709, which require retention of records for five years, or until the next patrol, survey, inspection or test is completed, whichever is longer. This federal regulation previously also mandated retention of these records for the life of the facility, but was amended in 1996 to require retention for five years.
19. LG&E wishes to follow the retention requirements set forth in 49 CFR 192.709, in lieu of the longer retention period required by 807 KAR 5:022, Section 14(6). Records of this nature older than five years do not provide operational value to LG&E and are an administrative burden to maintain. Moreover, because the Commission's Gas Pipeline Safety Branch typically inspects utilities' records every three years, it has the opportunity to review all records prior to expiration of the five-year retention period.
20. Accordingly, LG&E is seeking a limited deviation from the Commission with regard to 807 KAR 5:022, Section 14(6), allowing it to comply with the record retention period set forth in 49 CFR 192.709.

Deviation from 807 KAR 5:022, Section 14(8)(a)

21. Commission regulation 807 KAR 5:022, Section 14(8)(a) provides as follows:
- (a) Except as provided in paragraph (b) of this subsection, each imperfection or damage that impairs serviceability of a segment of steel transmission line operating at or above forty (40) percent of SMYS must be repaired as follows:*
- 1. If it is feasible to take the segment out of service, the imperfection or damage must be removed by cutting out a cylindrical piece of pipe and replacing it with pipe of similar or greater design strength.*
- 2. If it is not feasible to take the segment out of service, a full encirclement welded split sleeve of appropriate design shall be applied over the imperfection or damage.*
- 3. If the segment is not taken out of service, operating pressure shall be reduced to a safe level during repairs.*
22. This regulation has been in place for many years, and is similar to previous versions of federal safety standards for gas transmission and safety lines set forth at 49 CFR Parts 192.713.
23. Since 807 KAR 5:022, Section 14(8)(a) was enacted, new technologies have been developed for repairing imperfections or damage of the kind contemplated by the regulation without removing the affected section of the pipe or utilizing a full encirclement welded split sleeve.
24. In late 1999, the federal regulations governing repairs to gas transmission lines with imperfections or damage that impair serviceability were amended to allow for some operator flexibility to utilize repair methods short of removing the affected section of the pipe or utilizing a full encirclement welded split sleeve. Specifically, those regulations were amended to allow the use of repair by “a method that reliable engineering tests and analyses show can permanently restore the serviceability of the pipe.”¹
25. As part of the rulemaking process that led to the aforementioned amendments to the federal regulations, the United States Department of Transportation (“USDOT”) specifically recognized that one recently-developed technology, known as Clock Spring® wrap

¹ 64 Fed. Reg. 69,660 (1999). A copy of the Federal Register is attached as Exhibit A.

“reinforces steel pipe that has certain non-leaking defects.”² Clock Spring® wrap is a fiberglass/polyester composite material coiled with adhesive in layers over filler. Use of such technologies can often simplify and reduce the average cost of repairs.

26. Because there technically exists an inconsistency between 807 KAR 5:022, Section 14(8)(a) and federal safety standards for gas transmission and safety lines set forth at 49 CFR Parts 192 and 195 with regard to pipeline repairs, LG&E is seeking a limited deviation from the Commission to allow the use of new technologies, including but not limited to Clock Spring® wrap, which reliable engineering tests and analyses show can permanently restore the serviceability of pipe, in repairs made pursuant to 807 KAR 5:022, Section 14(8)(a).

WHEREFORE, Louisville Gas and Electric Company respectfully requests that the Kentucky Public Service Commission issue an order granting it the following relief:

1. a limited deviation from 807 KAR 5:022, Section 10(16), allowing it to comply with the atmospheric corrosion control requirements set forth in 49 CFR 192.479;
2. a limited deviation from the Commission with regard to 807 KAR 5:022, Section 10(17), allowing it to comply with the inspection interval set forth in 49 CFR 192.481;
3. a limited deviation from the Commission with regard to 807 KAR 5:022, Section 10(22)(b)(2), allowing it to comply with the corrosion record retention period set forth in 49 CFR 192.491(c);

² *Id.* The USDOT cited tests and analyses done by the Gas Research Institute (now known as the Gas Technology Institute) which found that, when properly installed, the Clock Spring® wrap “system permanently restores the pressure containing capability of the pipe.” *Id.*, citing D.R. Stephens, Summary of Validation of Clock Spring for Permanent Repair of Pipeline Corrosion Defects, GRI – 98/0227, Gas Research Institute, Chicago, Illinois, October 1998.

4. a limited deviation from the Commission with regard to 807 KAR 5:022, Section 14(6), allowing it to comply with the record retention period set forth in 49 CFR 192.709;
5. a limited deviation from 807 KAR 5:022, Section 14(8)(a), allowing LG&E to utilize repair methods which reliable engineering tests and analyses show can permanently restore the serviceability of the pipe;
and
6. any and all other relief to which it may be entitled.

Dated this 25th day of May, 2016.

Respectfully submitted,



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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that the May 25, 2016 electronic filing of this Application is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Commission on May 25, 2016; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of this Application will be delivered to the Commission on or before May 27, 2016. I further certify that a true and correct copy of this Application was served on the following persons on May 25, 2016, by electronic mail:

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