

**VERIFICATION**

STATE OF OHIO                    )  
  )  
COUNTY OF HAMILTON        )        **SS:**

The undersigned, Bradley A. Seiter, Sr. Project Manager, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
Bradley A. Seiter Affiant

Subscribed and sworn to before me by Bradley A. Seiter on this 18<sup>th</sup> day of January, 2024.

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:



**ROCCO O. D'ASCENZO**  
ATTORNEY AT LAW  
Notary Public, State of Ohio  
My Commission Has No Expiration  
Section 147.03 R.C.

**KyPSC Case No. 2023-00210**  
**TABLE OF CONTENTS**

**DATA REQUEST**

**WITNESS**

**TAB NO.**

STAFF-DR-03-001

Brad Seiter ..... 1

**Duke Energy Kentucky**  
**Case No. 2023-00210**  
**STAFF Third Set of Data Requests**  
**Date Received: January 12, 2024**

**STAFF-DR-03-001**

**REQUEST:**

Refer to Duke Kentucky's responses to Commission Staff's Second Request for Information, Item 1(b)-(c), stating that the \$33,875,000 estimated cost for retrofitting the Phase I pipeline segment for use of an inline inspection tool (ILI) included the cost of pressure testing and temporary liquid natural gas (LNG), but Phase II did not require pressure testing or LNG for retrofitting.

a. State why pressure testing would have been needed for retrofitting the Phase I segment of pipeline when the purpose of ILI retrofitting would have been to use ILI testing instead of pressure testing.

b. State why LNG would have been needed to retrofit for ILI use in the Phase I pipeline segment but not the Phase II pipeline segment.

c. If any of your responses to the items above would change the estimated cost of ILI retrofitting for Phase I<sup>1</sup> or Phase II, provide updated, itemized, estimated costs.

**RESPONSE:**

a. The existing AM07 pipeline is of a vintage that predates current PHMSA requirements that necessitate a baseline pressure test for all transmission pipelines. These records do not currently exist. Moreover, the material of the AM07, A.O. Smith manufacturer is now a known integrity risk. For these reasons, the Company, with

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<sup>1</sup> Case No. 2022-00084, *Electronic Application of Duke Energy Kentucky, Inc. for a Certificate of Public Convenience and Necessity Authorizing the Phase One Replacement of the AM07 Pipeline* (filed Sept. 30, 2022), Duke Kentucky's Response to Commission Staff's Third Request for Information, Item 1(a).

Commission authorization, has endeavored to replace (not retrofit) the existing AM07 in segments. The purposes of pressure testing and ILI inspections are different. Pressure testing establishes and confirms the strength of the pipeline at the time of initial installation or at the time of a TIMP assessment (i.e., hypothetical retrofit and pressure test), which is now required per PHMSA CFR 192. The ILI is an ongoing integrity management inspection tool that can easily be used for the duration of the pipeline's life going forward. It is used to check for pipe wall loss due to dents, gouges, or corrosion related to third party damage that may develop during the lifetime operation of the pipeline. Unlike pressure testing, an ILI inspection can be performed out of cycle and without taking the pipeline out of service. Accordingly, both ILI and Pressure Testing are necessary going forward to meet PHMSA requirements for new pipelines. And ILI and Pressure Testing would be required for a hypothetical retrofit where existing records do not exist to confirm pressure. With a retrofit strategy, there are additional risks in which a failure of a pressure test could make a retrofit of the existing pipeline impractical, if not impossible, as a full replacement at additional and incremental costs could then be required.

Per CFR 192 PHMSA regulations, pressure testing must occur on any pipe that is to be placed in service. Pressure testing for new construction ensures a leak free system and validates the mechanical strength of all components in that pipeline. Additionally, pressure testing is one of four options to assess TIMP risk. Those four include, pressure testing, In-line inspection, direct assessment, or replacement.

Part of the Phase I segment of pipe required a TIMP pressure test to mitigate manufacturing threats associated with insufficient pressure test records at time of installation in the 1950s. While a valid pressure test provides the level of requirement

needed to satisfy the pipelines ability to handle the operating pressure, it does not provide the level of detail regarding physical integrity of the pipeline that an In-line inspection otherwise would. As is the case, both ILI retrofit work and pressure testing would need to be employed to maximize the potential for a successful pressure test and to minimize the risk of pipe failure during the pressure testing activity.

b. LNG would be needed for all phases of a hypothetical AM07 retrofit and pressure test because the Company would need to take segments out of service for an extended period of time (e.g. weeks) to maintain customer service. Once the hypothetical retrofit would be completed, LNG would not be needed for ongoing ILI inspections (absent an integrity issue being discovered) because ILI inspections can be performed while the pipeline is in operation. In instances where pressure testing is selected for TIMP risk mitigation purposes, consideration for a customer's natural gas usage must be implemented while facilities are out of service to facilitate pressure testing. In the case of Phase II TIMP work, Temporary LNG would be required as is the case for Phase I.

c. The cost associated with each phase of a hypothetical retrofit and pressure test for each phase and corresponding activities is broken down as follows:

a. Phase I (4.5 miles): ILI Retrofit work - \$19,125,000 (\$3.5m/mile)

Temp LNG and Pressure Testing: \$14,750,000

Permanent receiver barrel: \$3,375,000

b. Phase II (3.25 miles): ILI Retrofit work - \$11,375,000 (\$3.5m/mile)

Temp LNG and Pressure testing: \$12,350,000\*

\*Permanent receiver barrel installed with Phase 1

**PERSON RESPONSIBLE:** Bradley A. Seiter