

U.S. Department of Transportation
Research and Special Programs Administration
400 Seventh St., S.W. Washington, D.C. 20590

June 10, 2004

Ms. Beth O'Donnell
Executive Director
Commonwealth of Kentucky
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Dear Ms. O'Donnell:

This concerns your order in Case No. 2004-00006, which involves the Louisville Gas and Electric Company's (LG&E) petition for a finding under 49 CFR 192.150(c) that 352 feet of LG&E's 26.5-mile, 12-inch diameter high pressure gas transmission line is impracticable to design and construct to accommodate the passage of instrumented internal inspection devices. We have considered your order as a recommendation under 49 CFR 190.9 that we grant LG&E's petition.

According to the petition, the 352-foot section was replaced where wet creek beds had shifted and eroded the soil thus completely exposing the pipeline in two separate locations. Bottom-out stopper fittings, which are not designed to accommodate the passage of instrumented internal inspection devices, were used instead of alternative relocation methods that involved shutting down the line.

LG&E maintains that this line is a sole source of gas and shutting it down would cause service interruptions to 2,187 of its customers and subsequent re-lighting difficulties. LG&E does not explain why it is impractical to design and construct the 352 feet of pipeline relocations to accommodate the passage of internal inspection devices. For example, why is it impractical for LG&E to shut down and repair this pipeline during low gas use periods?

We understand there may be times when unforeseen circumstances and emergencies prohibit an operator from complying with the regulations; however, it does not appear that the reasons cited by LG&E constitute unforeseen circumstances or rise to the level of an emergency. Therefore, we object to the petition and recommend the Commission's action granting the petition be stayed.

We recommend that the Commission provide LG&E with a reasonable period of time to design and construct this pipeline section to accommodate the passage of instrumented internal inspection devices.

Sincerely,
Stacey L. Gerard
Associate Administrator for Pipeline Safety

Commonwealth of Kentucky
Environmental and Public Protection Cabinet
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615

May 12, 2004

Ms. Stacey Gerard
Associate Administrator
US DOT/Office of Pipeline Safety
400 7th Street, SW, Room 7128
Washington, DC 20590

RE: Case No. 2004-00006, Louisville Gas & Electric Company ("LG&E") Petition for Approval Under 49 CFR Part 190.9

Dear Ms. Gerard:

The enclosed attested copy of the Commission's Order in the above case grants approval of a petition requested by LG&E. Please consider this Order the state agency's written recommendation required by 49 CFR Part 190.9 (d).

Sincerely,
Beth O'Donnell
Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY'S)
REQUEST FOR A DEVIATION FOR) CASE NO.
BALLARDSVILLE GAS TRANSMISSION PIPELINE) 2004-00006

ORDER

The Louisville Gas and Electric Company ("LG&E") filed a letter January 5, 2004 petitioning the Commission for approval, under 49 CFR Part 190.9, of the replacement of approximately 352 feet of a 12-inch diameter high pressure gas transmission pipeline known as the Ballardsville Gas Transmission Pipeline ("Ballardsville"). Federal pipeline safety regulations 49 CFR Part 192.150 entitled "Passage of Internal Inspection Devices" require that the replacement of any pipeline component be designed to accommodate the passage of instrumented internal inspection devices. Pursuant to the provisions of 49 U.S.C.A. § 60118, the state authority, acting under an agreement with the U.S. Secretary of Transportation, may waive compliance with a safety standard.

An informal conference was held on February 25, 2004 to discuss the petition by LG&E for approval of the Ballardsville reconstruction. It is LG&E's contention that the design and construction of the Ballardsville pipeline to accommodate passage of instrumented internal inspection devices would be impracticable. After discussing the federal pipeline safety regulations and the requirements for approval of the deviation thereof, it was determined that LG&E should supplement its filing in this proceeding. On March 19, 2004, LG&E filed the prepared testimony of Joseph R. Ryan, III to support its petition.

LG&E presented Joseph R. Ryan, III in his capacity as manager of operating policies and standards-distribution for LG&E. As part of his testimony, Mr. Ryan explained the circumstances giving rise to LG&E's request. On December 4, 2003, LG&E replaced a total of 352 feet of a 26.5-mile gas transmission pipeline where wet creek beds had shifted and eroded the soil thus completely exposing the pipeline in two separate locations. This replacement, which involved burying the pipeline several feet below the creek bed, was required by 49 CFR Part 192.327, which sets forth the minimum requirements for "cover" over a gas transmission line. Mr. Ryan testified that these sections of pipeline were relocated using bottom-out stopper fittings that are not designed to accommodate the passage of internal inspection devices.

Mr. Ryan then testified that there were two fundamental reasons why LG&E elected to use bottom-out stopper fittings: (i) to eliminate the safety hazards attendant to the exposed pipeline as expeditiously as possible and (ii) to provide full gas supply and pressure to prevent service disruption to customers served directly and solely from the affected pipeline. Mr. Ryan further testified that the affected pipeline in this case is the single source of supply for 131 natural gas customers served directly from the line, and supplies 22 gas distribution facilities serving approximately 2,187 customers primarily located in the city of LaGrange, Kentucky.

LG&E's rationale for petitioning for a waiver for approval under 49 CFR-Part 192.150(c) is that the pipeline as constructed meets the safety requirements of CFR 49 Part 192. Mr. Ryan stated that he was aware of a waiver based on very similar facts that the U.S. Department of Transportation granted to the city of Fulton, Missouri, by letter dated December 29, 1999.

The Commission, having reviewed the record herein, makes the following findings:

1. LG&E has documented that the emergency replacement of two segments of the Ballardsville pipeline was necessary.
2. LG&E has documented that the shutting down of the Ballardsville pipeline would have caused an interruption of gas service to over 2,000 customers in the city of LaGrange, Kentucky and would have resulted in subsequent re-lighting difficulties.
3. LG&E has demonstrated that, under the circumstances, it was impracticable to design and construct the 352 feet of pipeline relocations to accommodate the passage of instrumented

internal inspection devices and that LG&E's petition under 49 CFR Part 190.9 for approval under 49 CFR Part 192.150(c) should be granted.

The Commission, being otherwise sufficiently advised, HEREBY ORDERS that the petition under 49 CFR Part 190.9 for approval under 49 CFR Part 192.150(c) requested by LG&E is granted.

Done at Frankfort, Kentucky, this 11th day of May, 2004.

By the Commission