



PO Box 209
Evansville, IN 47702

October 17, 2007

Ms. Linda Daugherty
Director, Southern Region
Pipeline and Hazardous Materials Safety Administration
233 Peachtree Street, Suite 600
Atlanta, GA 30303

RE: CPF 2-2007-1014

Dear Ms. Daugherty:

On August 6, 2007, Vectren Energy Delivery (VED) received a Notice of Proposed Violation (NOPV) dated July 31, 2007 based on an audit of the Integrity Management Program (IM) from May 1-4 and May 15-18, 2006 conducted by pipeline safety representatives from the Pipeline and Hazardous Materials Safety Administration (PHMSA) Southern Region, Indiana Utility Regulatory Commission (IURC) and Public Utilities Commission of Ohio (PUCO). The outcome of this audit identified specific portions of the pipeline safety regulations that VED had not met.

In order to fully respond to the Notice, VED requested clarification of several non-compliance issues addressed in the Notice via an August 30 letter sent to your office as well as requesting an extension of time to respond to the Notice. The extension was granted until October 19. Also, dialogue occurred on September 13 to address VED's concerns about how the Compliance Order would apply. Following that dialogue, VED sent an email to you on September 13 setting out its understanding of PHMSA's position on these issues, and you confirmed that understanding in your September 18 response. I have attached a copy of these emails to this letter for your reference. Based on these understandings, VED does not contest any issues related to the NOPV or the Compliance Order and is prepared to effectively respond to the Final Order when it is received.

I appreciate your candor and directness in dealing with VED's questions and clarifications during this regulatory process as well as the openness of your office. We have started to prepare for the response to the expected Final Order as well as to finalize processing the Integrity Management assessments to successfully complete the 50% milestone by the December 17 deadline. Please contact me with any questions or concerns at your convenience.

Sincerely,

Chuck Kanoy
Chief Engineer, Gas Transmission
Vectren Energy Delivery
P.O. Box 209
Evansville, IN 47702

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CC: Annmarie Robertson Director of Pipeline Safety
Edward M. Steele Chief, Gas Pipeline Safety Section