



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

901 Locust Street, Suite 462
Kansas City, MO 64106-2641

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 19, 2008

Mr. Rick Schach
Vice President
Vectren Energy Delivery
211 NW Riverside Drive
Evansville, IN 47711

CPF 3-2008-5003W

Dear Mr. Schach:

On January 29, through February 2, 2007, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) Central Region and the Ohio Public Utilities Commission pursuant to Chapter 601 of 49 United States Code inspected your propane pipelines in Ohio.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. **§192.707 Line markers for mains and transmission lines.**

(d) Marker warning. The following must be written legibly on a background of sharply contrasting color on each line marker:

(1) The word "Warning," "Caution," or "Danger" followed by the words "Gas (or name of gas transported) Pipeline".

Vectren does not adequately identify the contents of the pipeline during the time natural gas is in the pipeline.

Vectren's pipeline transports propane during the winter heating season. However, during the other seasons, Vectren stores natural gas in the pipeline and monitors pressure. Vectren's current line markers do not indicate that natural gas is in the line, nor do they change the line markers when the product changes. As it stands now, the line markers indicate that there is propane in the pipeline all year long.

2. **§195.440 Public education. [Amdt. 195-15; Docket PS-51]**

Each carrier shall establish a continuing educational program to enable the public, appropriate government organizations, and persons engaged in excavation related activities to recognize a liquid pipeline emergency and to report it to the carrier or the fire, police, or other appropriate public officials.

During 2004 and 2005, Vectren did not provide a continuing education program specific to propane for the public in the vicinity of the propane pipeline. Vectren sent natural gas public education mailers to the affected public during that time period. In 2006, Vectren sent a public education mailer that was specific to propane. At the time of the inspection, your personnel agreed to send an additional mailer to the public in the vicinity of the right of way as a reminder to increase awareness on the properties of propane.

3. **§195.589 What corrosion control information do I have to maintain?**

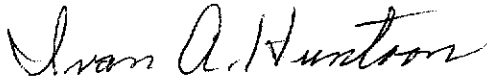
(c) You must maintain a record of each analysis, check, demonstration, examination, inspection, investigation, review, survey, and test required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that corrosion requiring control measures does not exist.

Vectren did not adequately document in sufficient detail the adequacy of corrosion control measures or that corrosion requiring control measures does not exist on their propane pipeline. Vectren utilizes a single check mark on a leak survey form to document that an atmospheric inspection has been completed on their propane pipeline from Todhunter to Bellbrook. This form of documentation does not indicate that each specific area such as valves exposed to the atmosphere, above ground piping, soil-to-air interfaces, under thermal insulation, under disbonded coatings and at pipe supports have been inspected.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Vectren Energy Delivery being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 3-2008-5003W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,



Ivan A. Huntoon
Director, Central Region
Pipeline and Hazardous Materials Safety Administration