

1304

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Date 0/15/15 Reporter Angie  
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GO-2015-0343

MISSOURI GAS ENERGY

Office of Public Counsel - Missouri  
DATA INFORMATION REQUEST RESPONSE

Case Number: GO-2015-0343

Data Request No 1304

FILED

OCT 21 2015

Missouri Public  
Service Commission

Requested From: Rick Zucker

Date Requested: 8/18/2015

Information Requested:

OPC 1304

Please explain all types of infrastructure replacements and repair costs that are recovered through base rates and not eligible for ISRS recovery. In this regard, how does MGE distinguish between infrastructure replacements and repairs that qualify for ISRS and those that do not qualify for ISRS because those costs are recovered through base rates such as maintenance costs?

Requested By: Jacki Moore

Information Provided:

MGE only recovers through its ISRS mechanism those infrastructure replacement and/or repair costs that both qualify as a capital cost and that also meet the definition of eligible costs under the ISRS statute and implementing Commission regulations. The capital items primarily included in the ISRS work orders include the replacement of bare steel and cast iron mains, bare steel or hard copper service line replacements, cast iron joint encapsulation and all un-reimbursed facilities related to public improvements or relocations mandated by some governmental entity.

To qualify as a capital cost, and thus be eligible for ISRS inclusion, a repair must also be part of a planned project to replace, extend the life or enhance the integrity of facilities. Isolated leak repairs either through the application of clamps or sealants are considered an O&M expense and are not eligible for ISRS inclusion. They are therefore recovered in base rates at the time the Company files a general rate case proceeding, as are other operation and maintenance expenses and non-ISRS eligible capital costs, such as investments made to serve new, revenue-producing loads.

The field personnel and engineering staff who prepare the work orders understand that the capital projects which qualify for ISRS eligibility are those gas utility plant projects which are either a) mains, valves, service lines, regulator stations, vaults, and other pipeline system components installed to comply with state or federal safety requirements as replacements for existing facilities that have worn out or are in deteriorated condition; or b) main relining projects, service line insertion projects, joint encapsulation projects, and other similar projects extending the useful life, or enhancing the integrity of pipeline system components undertaken to comply with state or federal safety requirements; or c) unreimbursed infrastructure facility relocations due to the construction or improvement of a highway, road, street, public way or other public work required by or on behalf of the United States, the State of Missouri, a political subdivision of the State of Missouri, or another entity having the power of eminent domain. We also attempt to ensure that the appropriate field operations and accounting personnel are trained to understand that ISRS-eligible gas utility plant projects a) do not increase revenues by directly connecting to new customers; b) currently are in service and are used and useful; and c) replaced and/or extended the useful life of existing infrastructure.

The information provided in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to promptly notify the requesting party if, during the pendency of Case No. GO-2015-0343 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

Prepared By: Mike Noack

Approved by: 

Director, Pricing and Regulatory Affairs

Date: 9/1/15

Date Response Received: \_\_\_\_\_