

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Public Hearing

December 17, 2007
Jefferson City, Missouri
Volume 1

In the Matter of Proposed)
Amendments to Commission)
Rule 4 CSR 240-40, Gas)Case No. GX-2008-0032
Utilities and Gas Safety)
Standards,)

COLLEEN M. DALE, Presiding
CHIEF REGULATORY LAW JUDGE

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1 A P P E A R A N C E S

2 For Staff of the Missouri Public Service Commission:

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4 Public Service Commission
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7 Jefferson City, MO 65102
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1 P R O C E E D I N G S

2 JUDGE DALE: Good morning. We are here today
3 December 17th, 2007, In the Matter of Proposed Amendments
4 to Commission Rule 4 CSR 240-40, Gas Utilities and Gas
5 Safety Standards, Case No. GX-2008-0032.

6 At this time, we will take entries of
7 appearance.

8 MS. KLIETHERMIS: For the Staff of the
9 Commission, Sarah Kliethermis, 200 Madison Street, P.O.
10 Box 360, Jefferson City, Missouri 65102.

11 JUDGE DALE: Thank you. Seeing no other
12 parties, would you like to bring forward your witness?

13 MS. KLIETHERMIS: Staff calls John Kottwitz.

14 JUDGE DALE: Thank you.

15 JOHN KOTTWITZ,
16 being first duly sworn to testify the truth, the whole
17 truth, and nothing but the truth, testified as follows:

18 DIRECT EXAMINATION

19 BY MS. KLIETHERMIS:

20 JUDGE DALE: Thank you. You may proceed.

21 Q (By Ms. Kliethermis) Good morning. Do you have
22 any additions or comments to the prepared written comments
23 of Staff in this case?

24 A No, I do not.

25 CROSS-EXAMINATION

1 BY JUDGE DALE:

2 Q When did you file your written comments?

3 A We haven't filed written comments. It is just
4 the proposed rule.

5 Q Oh, okay. So you just generally support the
6 rule?

7 A Correct.

8 Q Do you have anything to add?

9 A We have copies of the documents that are going
10 to be incorporated by reference if they're needed by
11 anybody.

12 JUDGE DALE: Okay. Thank you. Do you have any
13 further questions?

14 MS. KLIETHERMIS: No.

15 JUDGE DALE: Thank you. In that case, we will
16 await the arrival of commissioner Clayton, who is supposed
17 to be here shortly. And in the meantime, we'll go off the
18 record.

19 (Break in proceedings.)

20 JUDGE DALE: We're going back on the record, and
21 we're ready for Commissioner Clayton's questions.

22 COMMISSIONER CLAYTON: Thank you, Judge.

23 CROSS-EXAMINATION

24 BY COMMISSIONER CLAYTON:

25 Q Good morning, and welcome to the huge audience

1 that we have here today. And I hope we have a large
2 audience listening out in the rest of the world.
3 Mr. Kottwitz, I wanted to ask just a couple of questions
4 about this.

5 We've talked about this proposed rule in our
6 agenda sessions and its various steps through the process.
7 Can you -- can you just very briefly explain just what we
8 are doing, why we're doing it and what impact you expect
9 this will have in Missouri?

10 A Our gas safety standards are based on the
11 matching corresponding federal standards. And there's
12 three of those that -- and we have three corresponding
13 rules. And we are adopting the federal amendments that
14 have been made to those standards since the last time that
15 we adopted those in 2001.

16 Q Okay. So 2001 would have been the last
17 amendments to this section?

18 A Correct.

19 Q What -- what year would you say that this rule
20 -- the original outline or frame work for the rule was --
21 was created?

22 A The federal standards were implemented in 1970.

23 Q 1970. So they've been evolving since that time?

24 A Correct.

25 Q All right. And these changes and the way the

1 federal state relationship works, are these basically we
2 enact what the Feds tell us to enact, or are they approved
3 no greater, no stricter standards than what the Feds have
4 approved?

5 Or may we go beyond that? Can you tell me what
6 discretion we have in terms of our own rules as related to
7 the federal rules?

8 A Okay. I'll try to answer it the best I can.
9 That the -- on the one level, on the federal amendments,
10 we're required under our certification with the Federal
11 Government to adopt regulations that are at least as
12 stringent.

13 And then we're also able to go adopt state
14 regulations that are more stringent. And we have done
15 that in the state. Starting in 1989, we adopted numerous
16 regulations that are more stringent than the federal
17 regulations.

18 Q Okay. And these amendments, are these more
19 stringent than what the Feds have, I guess, suggested? Is
20 that the way that they -- they mandate a certain level and
21 then you can go beyond that?

22 A Correct.

23 Q Do these rules go beyond what they've suggested
24 or what they've mandated?

25 A For the most part. They're very -- there's

1 several amendments that we're adopting. Most of them make
2 regulations -- Federal regulations that are more stringent
3 than the previous Federal regulations. I believe there
4 might be one or two of them that are just kind of
5 editorial or a little less stringent.

6 Q Okay. Can you highlight for me an example where
7 we are -- where we're being more stringent than the
8 Federal rule in -- in this proposed amendment?

9 A An example is we're continuing to be more
10 stringent with our leak surveys. Unprotected steel
11 pipelines have to be leak surveyed annually, 15 months.
12 And other pipelines every three years not to exceed a
13 39-month intervals. And at the federal amendment level,
14 that is three years, not to exceed 39 months and five
15 years not to exceed, I believe, 62 months or something
16 like that.

17 Q Okay. But is that subject to this amendment,
18 the -- the proposed rule here today, the leak survey
19 criteria that you just mentioned?

20 A I believe they made a slight editorial
21 modification in that area. It's -- I don't -- I'd have to
22 check that.

23 Q Okay?

24 A The -- there is a couple places where they did
25 the three years not to exceed 39 months, and we kept --

1 kept our version. You're -- basically, the information
2 range for the leak surveys, that's something that's
3 previously been adopted in the rule --

4 A Correct.

5 Q -- correct? That's not what's proposed here
6 today?

7 A True.

8 Q Okay. Just here today is just --

9 A They've changed some of the time intervals.

10 Q Some of the time intervals. Basically, this
11 rule just relates to reporting, I believe, for the most
12 part?

13 A And 40-020 is reporting. 40-030 involves
14 numerous subjects relating to the operation and
15 maintenance of gas pipelines.

16 Q Okay.

17 A And then 40-080 is with the drug and alcohol
18 testing.

19 Q Good. Good. Okay. Okay. Does this rule --
20 explain to me -- this is gas safety. Is it -- it's
21 pipeline safety. Does it -- does it go from transmission
22 systems and to distribution systems?

23 A Yes.

24 Q Relates to all of them?

25 A Correct. Yes.

1 Q And are there any federal mandates with regard
2 to main replacement, copper main replacement, unprotected
3 steel main replacement, cast iron main replacement? Are
4 there federal rules on that -- on those subjects?

5 A No.

6 Q No. So each state is given the ability to act
7 within its own discretion?

8 A Right. In 1989, that's when I mentioned the
9 more stringent state regulations. That's when we adopted
10 our program replacement requirements.

11 Q Were you here in 1989?

12 A Yes, I was.

13 Q Been here a long time. I'm not even going to
14 ask Mr. Leonberger. Mr. Leonberger, how long has it been?
15 When those more stringent standards were implemented, was
16 -- was there a reason behind that? I mean, were there --
17 were there occurrences or activities occurring that
18 warranted having more stringent rules in place?

19 A They were implemented following several
20 instances that occurred in the Kansas City area. There
21 were also, I believe, some legislative hearings at that
22 time and a lot of focus on that at the Commission.

23 That was one of the main drivers behind the more
24 frequent leak surveys and the replacement programs.

25 Q Okay. Do you believe that Missouri needs to act

1 in terms of gas safety anywhere else in terms of
2 rule-making or any other type of docket? Are we deficient
3 anywhere that we need to continue reviewing to improve
4 safety?

5 A I wouldn't say that we're deficient. But we do
6 on a continual basis want to keep reviewing, as you said,
7 and monitoring our gas safety regulations and approving
8 them. No. 1 is we want to keep our regulations up to date
9 with the federal regulations, which is the purpose of
10 these rule-makings.

11 But we also intend to look over the next year or
12 two at doing another rule-making that addresses other
13 subjects beyond just the federal -- adopting the federal
14 amendments.

15 But we wanted to keep that separate from this to
16 where this is more of a simple rule-making where we're
17 just adopting the federal amendments.

18 COMMISSIONER CLAYTON: Okay. I don't think I
19 have any other questions for this witness. Are there any
20 other witnesses, any other attorneys? Public Counsel is
21 here. Are you -- are you all in on this game, Mr. Poston?

22 MR. POSTON: No. I'm just monitoring it. We
23 have no -- no problem with this.

24 COMMISSIONER CLAYTON: No problem. Any
25 position --

1 MR. POSTON: No.

2 COMMISSIONER CLAYTON: -- beyond support?

3 MR. POSTON: No.

4 COMMISSIONER CLAYTON: Or now I guess you're not
5 necessarily here to support it.

6 MR. POSTON: No. We're -- we support these
7 changes. Yes.

8 COMMISSIONER CLAYTON: Okay. I don't have any
9 other questions, Judge.

10 JUDGE DALE: Thank you, Mr. Kottwitz. You may
11 step down.

12 MR. KOTTWITZ: Thank you.

13 JUDGE DALE: Mr. Poston, do you want to enter an
14 appearance, or do you just --

15 MR. POSTON: No. That's okay.

16 JUDGE DALE: Okay.

17 MR. POSTON: I couldn't hear the audio upstairs.
18 That's why I came down.

19 JUDGE DALE: Hm-mm. The -- well --

20 MR. POSTON: It's probably my -- my fault.
21 Probably my computer.

22 JUDGE DALE: Is there any other business before
23 us before we adjourn? Seeing none, then we are adjourned.
24 Off the record.

25

1 REPORTER'S CERTIFICATE

2

3 STATE OF MISSOURI)
) ss.
4 COUNTY OF OSAGE)

5

6 I, Monnie S. VanZant, Certified Shorthand Reporter,
7 Certified Court Reporter #0538, and Registered
8 Professional Reporter, and Notary Public, within and for
9 the State of Missouri, do hereby certify that I was
10 personally present at the proceedings as set forth in the
11 caption sheet hereof; that I then and there took down in
12 stenotype the proceedings had at said time and was
13 thereafter transcribed by me, and is fully and accurately
14 set forth in the preceding pages.

15

16 IN WITNESS WHEREOF, I have hereunto set my hand and
17 seal on December 29, 2007.

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21 _____
Monnie S. VanZant, CSR, CCR #0539

22 Registered Professional Reporter

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1 I N D E X

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