

Exhibit No.:  
Issues: Gas Safety  
Witness: John D. Kottwitz  
Sponsoring Party: MoPSC  
Type of Exhibit: Rebuttal Testimony  
Case No.: GM-2001-585  
Date Testimony Prepared: August 9, 2001

**MISSOURI PUBLIC SERVICE COMMISSION**  
**UTILITY OPERATIONS DIVISION**

**REBUTTAL TESTIMONY**

**OF**

**JOHN D. KOTTWITZ**

**CASE NO. GM-2001-585**

**Jefferson City, Missouri**  
**August, 2001**

Exhibit No. 14  
Date 9-05-01 Case No. GM-2001-585  
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1 successfully completed the seven courses provided by the U.S. Department of  
2 Transportation at the Transportation Safety Institute regarding enforcement of the  
3 minimum federal safety standards for gas pipelines (49 CFR part 192). I am a member of  
4 NACE International (an association of corrosion engineers) and the Gas Piping  
5 Technology Committee (ANSI/GPTC Z380). I currently chair the Damage  
6 Prevention/Emergency Response task group for ANSI/GPTC Z380.

7 Q. Have you previously testified before the Commission?

8 A. Yes. I presented testimony in Missouri PSC Case Nos. GA-89-126, GR-  
9 90-50, GR-90-198, GC-91-150, GR-91-291, GR-93-172 and GA-96-130. Case No. GA-  
10 89-126 was the original application of Missouri Pipeline Company for a certificate.

11 Q. What is the purpose of your testimony?

12 A. My testimony will address the areas of pipeline safety and code  
13 compliance as they relate to this case, and my testimony includes a recommendation to  
14 the Commission. This case revolves around a joint application by Gateway Pipeline  
15 Company, Inc. (Gateway), Missouri Pipeline Company (MPC), and Missouri Gas  
16 Company (MGC) that seeks authorization of a proposed transaction, wherein Gateway  
17 would acquire the outstanding shares of UtiliCorp Pipeline Systems (UPL). UPL is a  
18 wholly-owned subsidiary of UtiliCorp United, Inc. (UtiliCorp) and the current parent  
19 company of MPC and MGC.

20 Q. What would be the effect on pipeline safety if the Commission authorized  
21 the proposed transaction?

22 A. The effect on the areas of pipeline safety and code compliance should be  
23 minor, if the same field operations personnel are retained and they use the same policies

1 and procedures that are currently used. This is the intent of the joint applicants as  
2 indicated in the direct testimony filed in this case by Richard C. Kreul (UPL, MPC and  
3 MGC) and by David J. Ries (Gateway). Further in this regard, Gateway's responses to  
4 my data requests numbers 3201 through 3205 are attached as schedules to Mr. Ries'  
5 direct testimony. While these responses by Gateway indicate that the field operations  
6 will continue unchanged and other gas safety functions will continue to be provided, the  
7 responses are not definitive in a few areas. Therefore, I believe that if the Commission  
8 approves the proposed transaction, a few conditions are appropriate to ensure that gas  
9 safety functions are continued in an adequate manner.

10 Q. What do you recommend to the Commission in this case?

11 A. For the pipelines operated by MPC and MGC, I recommend that any order  
12 authorizing Gateway to acquire UPL, MPC and MGC be conditioned on the following  
13 three items.

14 1) MPC and MGC must follow the pipeline safety regulations as contained in 4  
15 CSR 240-40.020, 40.030, and 40.080.

16 2) MPC and MGC must continue to use an adequate number of qualified  
17 personnel to operate and maintain the pipelines and respond to any emergencies along the  
18 pipeline. These personnel must continue to be qualified in accordance with 4 CSR 240-  
19 40.030(12)(D).

20 3) There must be no lapse in the call center, dispatch, emergency response,  
21 SCADA<sup>1</sup> monitoring, and gas control functions for MPC and MGC during the transition

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<sup>1</sup> SCADA (Supervisory Control and Data Acquisition) is a system used for the transmission of data from a remote site to a central control location. SCADA systems are typically used to monitor and control flow, pressure, and other parameters of the pipeline system. SCADA systems are normally designed to generate alarms when certain parameters have been exceeded or an unusual situation is developing.

1 of UPL to Gateway. Gateway should plan for the transition of these functions because  
2 they must continue to be provided on a 24 hours/day, 7 days/week, and 365 days/year  
3 basis.

4 Q. Have you discussed these recommendations with Gateway?

5 A. Yes, I have discussed these three conditions with David J. Ries, the  
6 President and CEO of Gateway and a witness in this case. It is my understanding that  
7 Gateway is agreeable to these three conditions.

8 Q. The Rebuttal testimony of Staff witness Carmen Morrissey describes  
9 jurisdiction and rate regulation by the Federal Energy Regulatory Commission (FERC),  
10 and how it differs from this Commission. Please discuss pipeline safety jurisdiction and  
11 regulation at the federal level, and how it differs from this Commission.

12 A. Interstate transmission pipeline companies that transport natural gas under  
13 FERC jurisdiction are under the pipeline safety jurisdiction of the U.S. Department of  
14 Transportation – Office of Pipeline Safety (OPS). The Commission has pipeline safety  
15 jurisdiction over intrastate transmission lines and other intrastate pipeline facilities that  
16 transport natural gas within Missouri. The Commission has adopted pipeline safety  
17 regulations that are more stringent than the minimum federal safety standards enforced by  
18 OPS. Some of these more stringent regulations apply to transmission lines, and the most  
19 significant differences involve odorization and leak surveying. The PSC Staff conducts  
20 annual compliance inspections of intrastate pipeline companies (including MPC and  
21 MGC), while OPS inspections are on a less frequent basis.

22 Q. Please discuss the differences in the regulations regarding odorization and  
23 how these differences would apply to the transmission lines operated by MPC and MGC.

1           A.     The Commission's regulations require natural gas in a transmission line to  
2 be odorized, but the OPS regulations exempt most transmission lines (including most of  
3 the MPC and MGC lines) from the odorization requirement. The Staff believes that the  
4 odorization of natural gas in transmission lines provides a pipeline safety benefit, and  
5 hopes that MPC and MGC would continue odorizing the natural gas even if this was not  
6 required. If MPC and MGC became subject to OPS jurisdiction and they were permitted  
7 to discontinue odorizing the natural gas they transport, then any natural gas leakage that  
8 might occur would not include odorant to facilitate detection by the public and reporting  
9 to MPC and MGC. In addition, each utility and distribution system served by MPC and  
10 MGC would be required to install equipment to facilitate odorization at each of their  
11 delivery points.

12           Q.     Please discuss the differences in the regulations regarding leakage surveys  
13 of transmission lines and how these differences would apply to the transmission lines  
14 operated by MPC and MGC.

15           A.     The Commission's regulations require all transmission line leakage  
16 surveys to be conducted with a leak detection instrument. The OPS regulations also  
17 require leakage surveys to be conducted, but only require the use of leak detector  
18 equipment when the natural gas is not odorized in certain areas with higher population  
19 densities along the transmission line. A leak detection instrument would not be required  
20 by the OPS regulations during leakage surveys over any of the transmission lines  
21 operated by MPC and MGC if they were odorized, or most of the transmission lines if  
22 they were not odorized. The Staff believes that using a leak detection instrument to

1 conduct leakage surveys provides a pipeline safety benefit, and hopes that MPC and  
2 MGC would continue to use a leak detection instrument even if it was not required.

3 Q. Does this conclude your testimony at this time?

4 A. Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

IN THE MATTER OF THE JOINT )  
APPLICATION OF GATEWAY )  
PIPELINE COMPANY, INC. MISSOURI )  
GAS COMPANY AND MISSOURI )  
PIPELINE COMPANY )  
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Case No. GM-2001-585

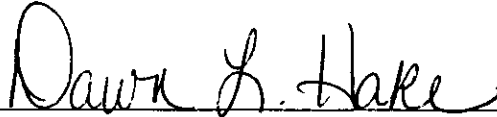
**AFFIDAVIT OF JOHN D. KOTTWITZ**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

John D. Kottwitz, of lawful age, on his oath states: that he has participated in the preparation of the foregoing written testimony in question and answer form, consisting of 6 pages of testimony to be presented in the above case, that the answers in the attached written testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

  
\_\_\_\_\_  
John D. Kottwitz

Subscribed and sworn to before me this 9<sup>th</sup> day of August, 2001.

  
\_\_\_\_\_  
Notary Public

DAWN L. HAKE  
Notary Public - State of Missouri  
County of Cole  
My commission expires Jan 9, 2005

My commission expires \_\_\_\_\_