

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY

December 2, 1994

CASE NO: GO-91-277

Gary W. Duffy, Brydon, Swearngen & England, P.O. Box 456, 312 East
Capitol, Jefferson City, MO 65102
James M. Fischer, Attorney at Law, 101 West McCarty Street, Suite 215,
Jefferson City, MO 65101

Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,

A handwritten signature in cursive script that reads "David L. Rauch".

David L. Rauch
Executive Secretary

Uncertified Copy:

Office of the Public Counsel, P.O. Box 7800, Jefferson City, MO 65102

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 2nd
day of December, 1994.

ORDER CONCERNING MOTION TO MODIFY

MGE states in its application that the current plan has been found to be impractical to administer as the result of the artificially created categories set out in the plan. MGE maintains that the current categories are unrealistic and inefficient to administer as the result of factors beyond the control of MGE, such as the nature of the construction of the system, the scheduling of public work projects, and the problems encountered providing service during replacement of the system. MGE believes that retaining the same total number of miles in

the plan, but eliminating the categories, will make the program more efficient without compromising safety goals.

Currently MGE states it is not meeting mileage quotas in some categories, but is exceeding the quotas in others. MGE states it is meeting the cumulative total. MGE adds that, from January 1, 1990 to July 31, 1994, the "reporting and repair of Class 1 and 2 hazardous leaks on the . . . system . . . has dropped 51% and the total leak inventory has decreased 40%."

On November 22, 1994, the Staff of the Commission filed its recommendation. The Staff states that it has reviewed the MGE motion and proposed plan and found that the mileage schedule is maintained as in the current plan, but the proposed rationale for selection of pipe to be replaced or protected is a more flexible and "operational" approach. The Staff notes its concern that MGE has cathodically protected more, but replaced less, pipeline than prescribed in the current plan. The Staff states that MGE provided an adequate explanation for this concern. Ultimately, the Staff does not disagree with the proposed modification of the plan.

After review of its original order in this case, the Commission would reiterate that the overriding purpose of the gas safety and replacement program is to ensure that the most potentially hazardous lines are inspected, repaired and replaced in as timely a fashion as is feasible. The Commission would add that, in the Commission's gas safety rules, emphasis is placed on high priority mains which pose the greatest potential for hazard. It was the Commission's understanding that this was the reason for the selection of the categories contained in the current repair and replacement plan.

The Commission is, therefore, concerned with the sudden apparent abandonment by MGE and the Staff of the prioritization schedule. This concern is compounded by the lack of information furnished by the Staff as to its reasons for concluding that the MGE proposed modification is sufficient to ensure the safety of the system. The Commission would add that MGE, upon receiving authorization to purchase the WRI system, agreed to comply with this repair and replacement program as set out in the original order in this case.

As the Commission has not been furnished with sufficient detailed information by either of the parties in this case as to the reasons for concluding that the proposed modification is sufficient to ensure the public safety, the Commission will allow the parties adequate time in which to prepare additional justification as to the reasons for and the necessity of this proposal and the reasons for abandoning the original plan. The Commission would note that any submission by either of the parties should contain a full explanation as to why no compromise in public safety will result should the MGE proposal be adopted.

IT IS THEREFORE ORDERED:

1. That the Staff of the Commission and the movant, Missouri Gas Energy, may submit material to the Commission in response to the Commission's request as set out in the body of this order no later than 3:00 p.m., December 23, 1994. Should no responses be forthcoming from either party by that time, this case will be dismissed.

2. That this order shall become effective on the date hereof.

BY THE COMMISSION

A handwritten signature in cursive script, reading "David L. Rauch".

David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins
and Kincheloe, CC., Concur.
Crompton, C., Absent.

MISSOURI GAS ENERGY
MAIN REPLACEMENT AND PROTECTION PLAN
NOVEMBER 1994

This plan is designed to meet the requirements of 4 CSR 240-40.030(15)(D) and (E).

I. Cast Iron Main Replacements

MGE shall follow a systematic replacement program prioritized to identify and replace or eliminate cast iron mains in those areas that present the greatest potential for failure and would consequently subject people and property to a potentially hazardous situation. The following factors, which are not listed in order of priority, will be analyzed by MGE in scheduling segments of cast iron main for replacement:

- Whether the mains are of small (2", 3" and 4") diameter
- Whether the mains are located in areas of documented main breaks
- Whether the mains are located in business areas where MGE performs 90-day leak surveys
- Whether the mains are located in areas subject to flooding or where unstable soil conditions exist
- Whether the mains are located in areas of planned or active construction activity, such as highway, street or sewer projects
- Whether the mains are in an area where there is a high percentage of unprotected steel service lines, and where cast iron mains and services can be replaced at the same time
- Whether the mains are located in systems which have a high concentration of known leaks

- Whether the mains are in systems with small diameter and operating at pressures exceeding 10 psi

Replacement Schedule for Cast Iron Mains in Miles

<u>Year</u>	<u>Annual Quota</u>	<u>Cumulative Quota</u>	<u>Annual Completed</u>	<u>Cumulative Completed</u>
1992	6	6	*	*
1993	31	37	38.59	38.59
1994	39	76		
1995	32	108		
1996	36	144		
1997	36	180		
1998	36	216		
1999	36	252		
2000	36	288		
Totals	288	288		

* The Plan was effective October 23, 1992. Reporting was not required until the year ended December 31, 1993.

II. Elimination of Unprotected Steel Mains

A. MGE shall follow a systematic program to identify and either cathodically protect or replace unprotected steel mains in those areas that present the greatest potential for failure and would consequently subject people or property or both to a potentially hazardous situation. The following factors, which are not listed in order of priority, will be analyzed by MGE in scheduling segments of unprotected steel mains for replacement or, where deemed appropriate, ensuring adequate cathodic protection:

- Whether the mains are located in areas of historical and existing leaks

- Whether the mains are located in business areas where MGE performs business district leak surveys
- Whether the mains are located in areas of planned or active construction activity, such as highway, street or sewer projects.
- Whether the mains are in an area where there is a high concentration of unprotected steel service lines and where the replacement of the service and the protection or replacement of the main can be accomplished at the same time
- The results of a physical examination of the main
- Whether the mains is in a high pressure system operating at pressures exceeding 25 psi.

B. Unprotected steel mains shall be identified for replacement by evaluating those candidates selected by the leak data system. This evaluation program, known as the "5/5/3" approach, identifies candidates by segments that have experienced five (5) or more leaks within 500 linear feet over the last three (3) years.

Replacement candidates are also identified where visual examination of the main during service line replacement indicates general corrosion to the extent that the remaining pipe wall thickness is less than fifty percent (50%) of the original pipe wall.

Unprotected steel mains are cathodically protected where the pipe exhibits significant remaining useful life. The cathodic protection and verification process includes the application of current where required, the installation of test stations,

verification of system continuity, and an over-the-line survey of pipe-to-soil potentials.

Protection and Replacement Schedule for
Unprotected Steel Mains in Miles

<u>Year</u>	<u>Annual</u> <u>Quota</u>	<u>Cumulative</u> <u>Quota</u>	<u>Annual</u> <u>Completed</u>	<u>Cumulative</u> <u>Completed</u>
1992	45.9	45.9	*	*
1993	146.0	191.9	275.73	275.73
1994	146.0	337.9		
1995	127.2	465.1		
1996	128.2	593.3		
1997	126.2	719.5		
Totals	719.5**	719.5**		

* The Plan was effective October 23, 1992. Reporting was not required until the year ended December 31, 1993.

** This total may be inaccurate. The actual cumulative total may be substantially less. The 1997 cumulative number will equal all of the unprotected steel mains.

Delegue / itageneysal

CASE NO. 60-91-277

Chairman

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Commissioner

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Commissioner

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Commissioner

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STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 2nd day of December, 1994.

David L Rauch
David L. Rauch
Executive Secretary