

6. Regarding testimony about the turn-ons and safety inspection, the people who testified did not provide names or addresses, so Staff was unable to determine exactly what occurred in those specific situations. However, Appendix A describes Staff's annual inspections of all natural gas operators, and indicates that MGE is generally complying with the Commission's regulations and conducting the required inspections.

WHEREFORE, Staff respectfully submits the Report of the Staff attached hereto as Appendix A.

Respectfully Submitted,

**STAFF OF THE MISSOURI
PUBLIC SERVICE COMMISSION**

/s/ John D. Borgmeyer

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 5th day of March, 2014.

/s/ John D. Borgmeyer

REPORT OF THE STAFF

TO: Missouri Public Service Commission Official Case File
File No. GR-2014-0007, In the Matter of Missouri Gas Energy, Inc.'s Filing of
Revised Tariffs to Increase its Annual Revenues for Natural Gas Service

FROM: Robert R. Leonberger, Safety/Engineering Section

/s/ Natelle Dietrich 03/05/2014
Utility Operations Division/Date

/s/ John D. Borgmeyer 03/05/2014
Staff Counsel's Office/Date

DATE: March 5, 2014

Background

- (1) At the Local Public Hearing (LPH) in Gladstone on February 24, 2014, a woman testified she was concerned that nothing was done about a gas leak she reported to MGE two summers ago.
- (2) At the LPH in St. Joseph and the LPH in Independence on February 25, 2014, persons testified that when their gas was turned back on by MGE personnel, they did not perform a safety inspection in the houses.

Staff Findings and Recommendation

(1) The woman testifying at the Kansas City LPH said she reported a leak at the corner of Pennsylvania and either 38th Street or 39th Street (Kansas City), near the KC Indian Center and nothing was done by MGE. The evening of the LPH (Monday, February 24, 2014), MGE dispatched personnel to the area described and conducted a leak investigation. MGE personnel checked the area again on Tuesday, February 25. The area around 39th and Pennsylvania (including mains and service lines) was investigated and no natural gas leaks were detected during MGE's investigations on February 24 and 25, 2014.

After the LPH, Staff requested information from MGE about active leaks or previous leak repairs in the vicinity of 39th and Pennsylvania. MGE stated there were no active leaks in the area. The most recent leak in the area had been found and classified in July 2012 and repaired in September 2012.

Staff contacted the woman who testified at the LPH to obtain more specific information on the location of the odor she reported. During the conversation, Staff was told that the last time she smelled the odor in that area was two summers ago (summer of 2012) and she had not smelled the odor of natural gas in the area since then; in fact, she did not believe she had been back to that area since the summer of 2012.

It appears the odor of natural gas discussed at the LPH was from a leak found by MGE in July 2012 and repaired in September 2012 (17 months ago).

(2) Regarding the testimony about the turn-ons and safety inspections, there were no names or addresses provided at the St. Joseph or Independence LPH, so Staff was unable to determine what exactly occurred in those specific situations. However, MO PSC regulation 4 CSR 240-40.030(12)(S) requires that at the time MGE (or any operator) physically turns on the flow of gas to a customer:

- the customer fuel line must be tested for leakage to at least the deliver pressure; and,
- a visual inspection of the exposed, accessible customer gas piping and all connected equipment must be conducted to determine that the requirements of applicable industry codes, standards or procedures adopted by the operator to assure safe service are met.

If MGE personnel are unable or not allowed to go inside and conduct the required inspections/checks, personnel are to leave the gas turned off.

During Staff's annual inspections of all operators, hundreds of service records are reviewed to make sure the required inspections/checks noted above were conducted when the gas was turned on, or that the gas was left off (if entry was not gained). There is an exception to the regulation; the visual inspection noted above is not required when the gas is being turned back on due to an emergency outage or curtailment. Staff's inspections of company service records of these inspection/checks reveal that MGE is generally complying with the regulations and conducting the required inspection/checks. Occasionally, Staff finds a service ticket without a record of the inspection/checks being made and Staff includes that finding in its Inspection Summary. Through follow-up with the company, most of those instances are where personnel did not document on the ticket the inspection/check that was made.

Staff will continue to monitor company records to make sure the inspections/checks are being conducted as required by 4 CSR 240-40.030(12)(S).


BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy, Inc.'s)
Filing of Revised Tariffs to Increase its) Case No. GR-2014-0007
Annual Revenues for Natural Gas)

AFFIDAVIT OF ROBERT R. LEONBERGER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Robert R. Leonberger, of lawful age, on oath states: that he participated in the preparation of the foregoing Report in memorandum form, to be presented in the above case; that the information in the Report was provided to him; that he has knowledge of the matters set forth in such Report; and that such matters are true to the best of his knowledge and belief.



Robert R. Leonberger

Subscribed and sworn to before me this 5th day of March, 2014.

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| LAURA BLOCH Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 21, 2015 Commission Number: 11203914 |
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Notary Public