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Case No.:

Date Prepared:

**Impact of Proposed Sale
On Operation of Facilities**

Craig R. Hoferlin

Direct Testimony

Laclede Gas Company

GM-2017-0018

October 31, 2016

LACLEDE GAS COMPANY

GM-2017-0018

DIRECT TESTIMONY

OF

CRAIG R. HOEFERLIN

OCTOBER 2016

DIRECT TESTIMONY OF CRAIG R. HOEFERLIN

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Craig R. Hoeflerlin, and my business address is 700 Market Street, St.
3 Louis, Missouri 63101.

4 **Q. WHAT IS YOUR PRESENT POSITION?**

5 A. I am presently employed by Laclede Gas Company ("Laclede" or "Company") as
6 Vice President – Operations Services.

7 **Q. PLEASE STATE HOW LONG YOU HAVE HELD YOUR POSITION AND**
8 **BRIEFLY DESCRIBE YOUR RESPONSIBILITIES.**

9 A. I was appointed to my current position on April 1, 2012. In this capacity, I manage
10 the Company's pipeline safety and replacement programs, environmental
11 compliance, operations training, GIS and system planning, construction services,
12 right of way, employee safety, measurement and transportation departments.

13 **Q. PLEASE DESCRIBE YOUR EXPERIENCE WITH LACLEDE PRIOR TO**
14 **ASSUMING YOUR CURRENT POSITION.**

15 A. I have been continuously employed by Laclede since June 1984. Prior to my
16 current position, I held a variety of positions in the Engineering, Gas Supply and
17 Control, and Construction and Maintenance Departments.

18 **Q. WHAT OTHER EXPERIENCE DO YOU HAVE WITH REGARDS TO**
19 **PIPELINE OPERATIONS AND SAFETY?**

20 A. I am a past chair of the Operating Section Managing Committee for the American
21 Gas Association. In this capacity, I interacted with Federal Pipeline and Hazardous
22 Materials Administration (PHMSA) as well as the staff of the National

1 Transportation Safety Board. I am also a board member of the Common Ground
2 Alliance (CGA) representing the natural gas distribution industry. The CGA is a
3 national organization committed to preventing damage to underground
4 infrastructure.

5 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

6 A. I received a Bachelor of Science Degree in Chemical Engineering in 1984 from the
7 University of Missouri-Columbia.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

9 A. Yes, I have. I testified in Case Nos. GR-98-374, GR-99-315 and GR-2001-629.

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
11 **PROCEEDING?**

12 A. The purpose of my testimony in this proceeding is to discuss the operational
13 impacts of incorporating the 880 Line Segment into the STL Pipeline should the
14 proposed sale of the 880 Line be approved by the Commission.

15 **Q. WHAT IS YOUR UNDERSTANDING OF HOW THE 880 LINE SEGMENT**
16 **WOULD BE INCORPORATED INTO THE PROPOSED STL PIPELINE?**

17 A. The 880 Line Segment would be used to complete the last 8 or so miles of the new
18 interstate pipeline that STL Pipeline is proposing to build to bring gas from the
19 REX pipeline to the St. Louis market. The new pipeline, with the incorporation of
20 the 880 Line Segment, would deliver gas to Laclede's takepoints near the
21 Company's storage fields in North St. Louis County as well as provide bi-
22 directional transportation service to the Chain of Rocks takepoint of Enable MRT
23 near the Mississippi River.

1 **Q. HAVE YOU REVIEWED THE SPECIFICATIONS FOR THE PROPOSED**
2 **STL PIPELINE, INCLUDING THE PLANS FOR HOW THE 880 LINE**
3 **SEGMENT WOULD BE INCORPORATED IN THE PROJECT?**

4 A. Yes, I have.

5 **Q. DO YOU HAVE ANY CONCERNS REGARDING ANY OPERATIONAL**
6 **OR SAFETY ISSUES THAT MIGHT ARISE AS A RESULT OF THE SALE**
7 **AND USE OF THE 880 LINE SEGMENT IN THIS MANNER?**

8 A. No. Based on my review of these plans and specifications, along with the system
9 flow models which include the anticipated pressures, gas flows and other relevant
10 data, I am confident that the sale and use of the 880 Line Segment in this manner
11 will have no adverse impact on the safety or reliability of these facilities. In fact,
12 since STL Pipeline will be upgrading these facilities once they are acquired, I have
13 every reason to believe the operational integrity and reliability will be enhanced as
14 a result of the sale. In addition, the incorporation of the 880 Line Segment would
15 enhance the diversity of the pipeline supply into Laclede's system, further
16 increasing the overall system reliability and security.

17 **Q. DO YOU HAVE ANY CONCERNS REGARDING THE ABILITY OF THE**
18 **880 LINE SEGMENT TO BE OPERATED BI-DIRECTIONALLY?**

19 A. No. Operating the 880 Line Segment bi-directionally will pose no operational or
20 safety concerns for the Laclede Gas system. In fact, the ability to operate the system
21 bi-directionally further enhances the operating flexibility of Laclede by allowing
22 Laclede to receive as much gas as needed from the Redman takepoint station by
23 pulling gas from the north off the REX line or using the bi-directional feed to pull

1 gas from MRT/Enable at the Chain of Rocks takepoint. This will give Laclede the
2 benefit of redundancy in its gas operations and further ensure support of the north
3 section of the distribution system.

4 **Q. DO YOU HAVE ANY ADDITIONAL COMMENTS REGARDING SAFETY**
5 **ISSUES THAT MIGHT ARISE AS A RESULT OF THE SALE AND USE OF**
6 **THE 880 LINE SEGMENT IN THIS MANNER?**

7 A. Yes. PHMSA has proposed several new regulations regarding pipeline safety. The
8 most significant is the proposed Safety of Gas Transmission and Gathering Lines
9 rule. This proposed rule, as it currently stands, would require pipeline operators to
10 confirm the existence of Reliable, Traceable, Verifiable and Complete (RTVC)
11 material records to validate the integrity of the pipeline. If these records cannot be
12 produced, the pipeline operator, as the rule currently stands, would have to excavate
13 and examine any portion of the pipeline for which the RTVC material records do
14 not exist to determine the material. If the 880 Line Segment is sold to the STL
15 Pipeline, STL Pipeline rather than Laclede would be responsible for undertaking
16 this project.

17 **Q. ARE THERE ADDITIONAL PHMSA RULES THAT APPLY TO THE 880**
18 **LINE SEGMENT?**

19 A. Yes. Every seven years, current PHMSA regulations require assessment of the
20 pipeline as part of the Transmission Integrity Management Program – a task that
21 can impose significant costs. Again, if the 880 Line Segment is sold to STL
22 Pipeline, STL Pipeline rather than Laclede would be responsible for making such
23 an assessment.

1 **Q. ARE THERE ANY FURTHER SAFETY ISSUES?**

2 A. Yes. As stated in Scott Woley's direct testimony, the new pipeline will also provide
3 improved reliability of supply since it does not cross the New Madrid Seismic Zone
4 and is therefore much less exposed to damage from potential earthquakes. I want
5 to emphasize as well that the new pipeline, including the 880 Line Segment, would
6 enhance reliability more generally by providing another alternative source of gas in
7 the event there is an operational issue on one of Laclede's supplier pipelines, such
8 as a compressor outage. The STL Pipeline does not require independent
9 compression and is fed from the significantly more modern REX pipeline. This
10 alternative source would help prevent a major system outage, which would be a
11 major safety concern, especially during the heating season.

12 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

13 A. Yes.