

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 29<sup>th</sup> day of  
February, 2012.

In the Matter of Missouri Gas Energy, a Division	)	
of Southern Union Company, Concerning a Natural	)	<b><u>File No. GS-2011-0248</u></b>
Gas Incident at the Intersection of 107th Street and	)	
Blue Ridge Boulevard in Kansas City, Missouri.	)	

**ORDER ACCEPTING STAFF'S REPORT AND CLOSING CASE**

Issue Date: February 29, 2012

Effective Date: March 12, 2012

On February 2, 2011 in Kansas City, Missouri, a 16-inch diameter steel natural gas transmission pipeline fractured, releasing gas to the atmosphere. The pipeline is owned and operated by Missouri Gas Energy ("MGE"), a division of Southern Union Company. The Staff of the Missouri Public Service Commission ("Staff") has been actively investigating the incident since its occurrence. On December 9, 2011, the Staff filed a Gas Incident Report ("Report") describing the incident and previous MGE testing and maintenance activities. After analyzing the effectiveness of MGE's pipeline management program and potential threats to the pipelines, the Report makes seven specific recommendations for MGE action, as follows:

1. MGE should replace the entire length of the Mayfair 16-inch pipeline (both the East and West lines) purchased from Cities Service Gas Company (approximately 3.162 miles) with new pipe;

2. MGE should conduct hydrostatic pressure testing on approximately 10 miles of transmission line (Cass County Line, Bannister Line, and the Mayfair 26-inch) to establish a maximum Allowable Operating Pressure (MAOP) in a manner consistent with applicable regulations and recent United States Department of Transportation – Pipeline and Hazardous Materials Administration (DOT-PHMSA) advisory bulletin guidance;
3. Until the Mayfair 16-inch pipeline is replaced, the operating pressure should not exceed 178 psig (80% of the operating pressure of 222 psig at the time of the incident);
4. Once the existing Mayfair 16-inch pipeline is removed from service, MGE should perform an investigation of the fracture to determine the cause. The findings of this investigation should be used to evaluate potential threats to other similar piping remaining in the Company's transmission piping system;
5. MGE should review Company records to determine the status of documentation to establish MAOP for the remainder of the Company's transmission pipelines;
6. MGE should assess the integrity of any remaining pipelines with similar coatings that are enclosed in casings; and
7. MGE should review or perform Close Interval Surveys (CIS) of all of its remaining transmission pipelines to detect areas of insufficient cathodic protection (CP) or interference.

The Commission directed MGE to respond to Staff's recommendations, and on February 13, 2012, MGE filed a reply to the Report stating that MGE agrees to comply with each of Staff's recommendations. More than ten days have passed since MGE filed its reply and no party has responded to that filing. The Commission will adopt the recommendations offered by Staff.

**THE COMMISSION ORDERS THAT:**

1. The Gas Incident Report filed by Staff is accepted.
2. MGE shall comply with all the Staff recommendations listed in the body of this order and continue to cooperate with Staff and provide information concerning MGE's compliance.
3. This order shall become effective on March 12, 2012.
4. This file may be closed on March 13, 2012.

**BY THE COMMISSION**



Steven C. Reed  
Secretary

( S E A L )

Gunn, Chm., Jarrett and Kenney,  
CC., concur.

Bushmann, Regulatory Law Judge