

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

In the Matter of Missouri Gas Energy)	
Concerning a Natural Gas Incident in)	
Kansas City, Missouri.)	Case No. Case No. GS-2008-0002

STAFF’S RESPONSE TO COMMISSION ORDER
REQUIRING STAFF TO REPORT REGARDING MISSOURI GAS
ENERGY’S REPLACEMENT OF CERTAIN PIPELINES

COMES NOW the Staff of the Missouri Public Service Commission and for its Response to the Commission’s Order directing Staff to Report concerning Missouri Gas Energy’s (MGE) replacement of certain piping states:

1. In its March 13, 2008 *Order Approving Settlement Agreement* the Commission directed its Staff to “investigate and determine whether Missouri Gas Energy, a division of Southern Union Company has replaced by December 31, 2008, all 24-inch diameter cast iron natural gas mains operating above 25 psig.”

2. Attached is Staff’s Memorandum notifying the Commission of MGE’s actions to replace all 24-inch diameter cast iron gas mains operating above 25 psig.

3. In its Memorandum Staff reports that MGE has replaced or removed from service all such piping.

WHEREFORE the Staff notifies the Commission MGE has complied with Ordered Paragraph 3 of the Commission’s March 31, 2008 *Order Approving Settlement Agreement* and the Commission may close this case.

Respectfully submitted,

/s/ Lera L. Shemwell

Lera L. Shemwell

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 26th day of March 2009.

/s/ Lera L. Shemwell

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GS-2008-0002, Missouri Gas Energy, a division of Southern Union
Company

FROM: Robert R. Leonberger- Manager Gas Safety Department
Greg Williams – Gas Safety Department
Steve Fischer – Gas Safety Department

/s/ Greg Williams 03/26/09
Project Coordinator / Date

/s/ Lera L. Shemwell 03/26/09
General Counsel's Office / Date

SUBJECT: Notice Regarding Commission's Order Approving Settlement Agreement in
Case No. GS-2008-0002 and Missouri Gas Energy's Compliance with
Ordered Paragraph 3

DATE: March 26, 2009

In compliance with the Commission's March 13, 2008 Order Approving Settlement Agreement, the Commission's Gas Safety Department has investigated Missouri Gas Energy's compliance with Ordered Paragraph 3.

Paragraph 3-Required Actions by MGE and the Staff

"The Staff of the Commission shall investigate and determine whether Missouri Gas Energy, a division of Southern Union Company has replaced by December 31, 2008, all 24-inch diameter cast iron natural gas mains operating above 25 psig."

Staff's Investigation & Response

The Staff has determined that Missouri Gas Energy (MGE) has complied with Paragraph 3 of the Settlement Agreement contained in Case No. GS-2008-0002. MGE has retired, or isolated, all (19,100 feet) of their 24-inch diameter cast iron natural gas main that operates above 25 psig prior to December 31, 2008.

MGE's replacement of their 24-inch diameter cast iron main system was accomplished either by insertion with 20-inch diameter plastic pipe (retirement of cast iron), or taken out of service (isolated then abandoned) after pressure isolation with valves. During this project, 18,543 feet of cast iron piping was retired by insertion prior to October 30, 2008. The remaining 557 feet of cast iron piping was "initially isolated" from the gas distribution system by essential valves prior to the end of calendar year 2008. On January 15, 2009, the remaining 557 feet of isolated cast iron main was stoppered (a process used to safely isolate a section of gas main so that repairs, or

replacement, or an abandonment can be performed) so that a permanent abandonment could be made for this remaining pipe segment.

The Staff has also reviewed the Company's 2008 quarterly leak surveys for all sizes of cast and ductile iron distribution mains that operate above 25 psig. This included cast iron distribution mains in the Lee's Summit, Saint Joseph, Liberty, and Kansas City areas, as well as, some ductile iron mains in Joplin. During these leakage surveys, one (1)-Class 2 leak was identified on a section of 10-inch diameter cast iron main in the Liberty, Missouri area on 2/23/08. The leak cause was determined to be a leaking mechanical joint and MGE repaired the leak with a split sleeve on 3/19/08.