STATE OF MISSOURI PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 1st day of November, 2007.

In the Matter of an Investigation into City Utilities of Springfield Plastic Pipe Failures and the Adequacy of Its Leak Survey Procedures, Installation Procedures and Replacement Criteria.

Case No. GS-2004-0257

ORDER ADOPTING JOINT RECOMMENDATION

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Issue Date: November 1, 2007

Effective Date: November 11, 2007

On December 30, 2003, the Commission issued an order establishing this case to investigate the issues concerning plastic mains and service lines used by City Utilities of Springfield. On March 30, 2007, the Staff of the Missouri Public Service Commission filed a report detailing the current status of the City Utilities plastic pipe monitoring, evaluation, and replacement program. The report recommended several changes to the current plastic pipe replacement program. City Utilities responded with several objections to certain recommendations.

After a series of responses, and further negotiations, Staff and City Utilities filed a Joint Recommendation Concerning Pipeline Replacement Schedule in which the two parties agreed to modifications of the replacement program and requested the Commission adopt those recommendations.

Staff and City Utilities agreed to the amount of Aldyl "A" polyethylene piping that would be replaced on an annual basis. These replacements will be the segments listed of the Plastic Pipe Failure Master List and segments that have been identified as being in a rock-dirt backfill based on the exposed pipe reports and spot checks conducted. The replacements will be prioritized based on the relevant risk factors as listed in the joint recommendation.

Staff and City Utilities will also evaluate the effectiveness of the two-year replacement program and will make additional recommendations for a program that will begin in calendar year 2010.

In addition, City Utilities will continue to conduct an annual leakage survey over "pre-1983 60 psig plastic piping" and will continue to conduct quarterly leak surveys of the downtown business district. City Utilities will also continue to inspect any exposed plastic piping and shall add that pipe to the Plastic Pipe Failure Master List as appropriate. Finally, City Utilities will begin conducting annual leakage surveys on "1983 and 1984 60 psig plastic piping."

The joint recommendation also requests that the Commission acknowledge the accomplishments that have occurred under the replacement program to date.

The Commission has reviewed all the filings including the joint recommendation. The Commission determines that the joint recommendation is reasonable and necessary for the public interest, health and safety and therefore, shall direct that those recommendations be implemented. The Commission also recognizes the accomplishments made by City Utilities since the beginning of the plastic pipe replacement program as set out in the Accomplishments section of the joint recommendation.

Staff and City Utilities shall continue to monitor the effectiveness of the replacement program and shall alert the Commission to any enhancements that are

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necessary as soon as they become apparent. In addition, the Commission shall direct City Utilities to continue its reporting requirements as set out in the joint recommendation and shall direct its Staff to file an additional status report as set out below. Because no action is expected in this matter until the next status report is filed, this case shall be administratively closed in the interim period.

IT IS ORDERED THAT:

1. The Joint Recommendation Concerning Pipeline Replacement Schedule is adopted.

2. The parties are directed to implement the terms of the joint recommendation.

3. The Staff of the Missouri Public Service Commission shall file an additional status report regarding the program no later than April 30, 2009.

4. This order shall become effective on November 11, 2007.

5. This case may be closed on November 12, 2007.

BY THE COMMISSION

Colleen M. Dale Secretary

(SEAL)

Davis, Chm., Murray, Clayton, and Jarrett, CC., Concur. Appling, C., Absent.

Dippell, Deputy Chief Regulatory Law Judge