

LAW OFFICES
BRYDON, SWEARENGEN & ENGLAND
PROFESSIONAL CORPORATION
312 EAST CAPITOL AVENUE
P.O. BOX 456
JEFFERSON CITY, MISSOURI 65102-0456

AREA CODE 314
TELEPHONE 635-7166
FACSIMILE 635-0427

DAVID V.G. BRYDON
JAMES C. SWEARENGEN
WILLIAM R. ENGLAND, III
JOHNNY K. RICHARDSON
GARY W. DUFFY
PAUL A. BOUDREAU
SONDRA B. MORGAN
SARAH J. MAXWELL
CHARLES E. SMARR
MARK G. ANDERSON
DEAN L. COOPER

November 16, 1994

Mr. David Rauch
Executive Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102-0360

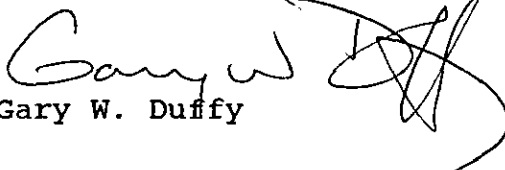
Re: Case No. GO-91-277

Dear Mr. Rauch:

Enclosed for filing with your office please find an original and fourteen copies of a Motion to Modify Order and for Approval of New Replacement and Protection Plan.

If there are any questions about this, please let me know.

Sincerely yours,


Gary W. Duffy

Enclosures
cc w/encl:
Office of Public Counsel
Bill Shansey

FILED
NOV 16 1994
MISSOURI
PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED
NOV 16 1994
MISSOURI
PUBLIC SERVICE COMMISSION

In the matter of the review and)
approval of a cast iron main and)
unprotected steel main program)
for Western Resources, Inc. d/b/a)
Gas Service.)

Case No. GO-91-277

MOTION TO MODIFY ORDER
AND FOR APPROVAL OF
NEW REPLACEMENT AND PROTECTION PLAN

Comes now Missouri Gas Energy ("MGE"), a division of Southern Union Company ("Southern Union") and for its motion, respectfully states as follows:

1. Southern Union acquired the Missouri assets of Western Resources, Inc. as of February 1, 1994, pursuant to an order of the Commission in Case No. GM-94-40. As a part (paragraph 9.d.) of the Stipulation and Agreement which was approved by the Commission in that case, Southern Union agreed to adhere to the unprotected steel main protection/replacement program and the cast iron main replacement program previously ordered by the Commission in this docket for Western Resources, Inc..

2. The currently-approved plan emanates from an "Order Approving Amended Revised Cast Iron Main and Unprotected Steel Main Replacement Program" dated October 13, 1992, and a "Correction Order" dated November 4, 1992. The approved plan consists of charts identified as Attachments A, B, and C to the Correction

Order. Charts A, B, and C within those Attachments classify mains by size and location and categories such as "public works projects", and then specify a total of miles of pipe to be either replaced or protected, as appropriate, per calendar year through 2000.

3. MGE's administration of the approved plan has demonstrated to MGE that practical considerations strongly argue for a modification of the approved plan to eliminate the different categories contained in the Charts. The basic intent of this motion is to propose a modified plan which contains the same total number of miles of pipe to be replaced or protected, as ordered by the Commission in November 1992, but eliminates the artificially created categories. MGE's experience is that matters beyond its control such as the scheduling of public works projects by municipalities, or the impracticality of replacing a specified number of miles of cast iron pipe in a low pressure system as opposed to replacing the entire low pressure system, and the need to provide adequate service while the repairs continue, demonstrate that the "categorization" approach contained in the present plan is neither realistic nor the most economical use of resources in the pursuit of safety. MGE finds that it is not meeting the quotas in some categories, but is exceeding the quota in other categories. It is, however, meeting the total cumulative number of miles specified. As a result of these efforts, MGE is pleased to report that from January 1, 1990 through July 31, 1994, the reporting and

repair of Class 1 and 2 hazardous leaks on the former Western Resources system in Missouri has dropped 51 percent and the total leak inventory has decreased 40 percent.

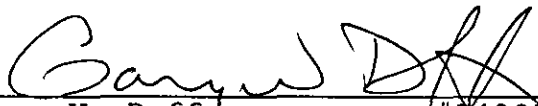
4. Instead of the categories which are turning out to be impractical to administer, MGE proposes a set of criteria for the evaluation of cast iron mains and unprotected steel mains which focuses on public safety, as the approved plan does, but gives more consideration to how the system is constructed. MGE's proposal is designed to make the program more efficient without compromising the safety goals and to continue to meet the cumulative number of miles specified by the Commission. MGE proposes to continue to report to the Staff progress made within the categories established by the November 4, 1992 Order, so the Staff can monitor MGE's performance within those categories, but to eliminate the categories themselves from being a part of the order. In this fashion, MGE would avoid the prospect of being technically in violation of some portions of the plan, while overall MGE may simultaneously have exceeded the requirements of the plan.

5. MGE's proposed plan is set out in Appendix A hereto. MGE requests an order of the Commission approving the plan prior to December 31, 1994, so that potential problems with meeting the individual categories in the existing plan for 1994, as discussed above, can be avoided.

WHEREFORE, MGE requests the Commission to issue an order approving the attached MGE Replacement and Protection Plan, which

order would be effective prior to December 31, 1994, and if deemed necessary by the Commission, to modify its previous orders in this docket to reflect the adoption of this new plan for unprotected steel mains and cast iron mains.

Respectfully submitted,

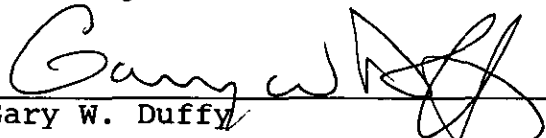


Gary W. Duffy #24905
BRYDON, SWEARENGEN & ENGLAND P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, Missouri 65102-0456

Attorneys for
Missouri Gas Energy

Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing document was served on all parties of record in this proceeding this 16th day of November, 1994, by placing a copy of same in the United States Mail, first class postage prepaid and properly addressed, or hand delivering same.



Gary W. Duffy

MISSOURI GAS ENERGY

MAIN REPLACEMENT AND PROTECTION PLAN
NOVEMBER 1994

This plan is designed to meet the requirements of 4 CSR 240-40.030(15)(D) and (E).

I. Cast Iron Main Replacements

MGE shall follow a systematic replacement program prioritized to identify and replace or eliminate cast iron mains in those areas that present the greatest potential for failure and would consequently subject people and property to a potentially hazardous situation. The following factors, which are not listed in order of priority, will be analyzed by MGE in scheduling segments of cast iron main for replacement:

- Whether the mains are of small (2", 3" and 4") diameter
- Whether the mains are located in areas of documented main breaks
- Whether the mains are located in business areas where MGE performs 90-day leak surveys
- Whether the mains are located in areas subject to flooding or where unstable soil conditions exist
- Whether the mains are located in areas of planned or active construction activity, such as highway, street or sewer projects
- Whether the mains are in an area where there is a high percentage of unprotected steel service lines, and where cast iron mains and services can be replaced at the same time
- Whether the mains are located in systems which have a high concentration of known leaks

- Whether the mains are in systems with small diameter and operating at pressures exceeding 10 psi

Replacement Schedule for Cast Iron Mains in Miles

<u>Year</u>	<u>Annual Quota</u>	<u>Cumulative Quota</u>	<u>Annual Completed</u>	<u>Cumulative Completed</u>
1992	6	6	*	*
1993	31	37	38.59	38.59
1994	39	76		
1995	32	108		
1996	36	144		
1997	36	180		
1998	36	216		
1999	36	252		
2000	36	288		
Totals	288	288		

* The Plan was effective October 23, 1992. Reporting was not required until the year ended December 31, 1993.

II. Elimination of Unprotected Steel Mains

A. MGE shall follow a systematic program to identify and either cathodically protect or replace unprotected steel mains in those areas that present the greatest potential for failure and would consequently subject people or property or both to a potentially hazardous situation. The following factors, which are not listed in order of priority, will be analyzed by MGE in scheduling segments of unprotected steel mains for replacement or, where deemed appropriate, ensuring adequate cathodic protection:

- Whether the mains are located in areas of historical and existing leaks

- Whether the mains are located in business areas where MGE performs business district leak surveys
- Whether the mains are located in areas of planned or active construction activity, such as highway, street or sewer projects.
- Whether the mains are in an area where there is a high concentration of unprotected steel service lines and where the replacement of the service and the protection or replacement of the main can be accomplished at the same time
- The results of a physical examination of the main
- Whether the mains is in a high pressure system operating at pressures exceeding 25 psi.

B. Unprotected steel mains shall be identified for replacement by evaluating those candidates selected by the leak data system. This evaluation program, known as the "5/5/3" approach, identifies candidates by segments that have experienced five (5) or more leaks within 500 linear feet over the last three (3) years.

Replacement candidates are also identified where visual examination of the main during service line replacement indicates general corrosion to the extent that the remaining pipe wall thickness is less than fifty percent (50%) of the original pipe wall.

Unprotected steel mains are cathodically protected where the pipe exhibits significant remaining useful life. The cathodic protection and verification process includes the application of current where required, the installation of test stations,

verification of system continuity, and an over-the-line survey of pipe-to-soil potentials.

Protection and Replacement Schedule for
Unprotected Steel Mains in Miles

<u>Year</u>	<u>Annual Quota</u>	<u>Cumulative Quota</u>	<u>Annual Completed</u>	<u>Cumulative Completed</u>
1992	45.9	45.9	*	*
1993	146.0	191.9	275.73	275.73
1994	146.0	337.9		
1995	127.2	465.1		
1996	128.2	593.3		
1997	<u>126.2</u>	<u>719.5</u>		
Totals	719.5**	719.5**		

* The Plan was effective October 23, 1992. Reporting was not required until the year ended December 31, 1993.

** This total may be inaccurate. The actual cumulative total may be substantially less. The 1997 cumulative number will equal all of the unprotected steel mains.