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June 5, 1992

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Mr. Brent Stewart
Executive Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102

RE: Case No. GO-91-277 - In the matter of the review and approval of cast iron main and unprotected steel main programs for the Kansas Power and Light Company.

Dear Mr. Stewart:

Enclosed for filing in the above-captioned case is an original and fourteen (14) conformed copies of **Staff's Reply to Company's Response and Request for Expedited Treatment.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

William M. Shansey

William M. Shansey
Assistant General Counsel
314-751-8702

WMS/jkn

Enclosures

cc: Counsel of Record

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PUBLIC SERVICE COMMISSION

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

In the matter of the review and)
approval of cast iron main and)
unprotected steel main program) Case No. GO-91-277
for the Kansas Power and Light)
Company.)

**STAFF'S REPLY TO COMPANY'S RESPONSE
AND REQUEST FOR EXPEDITED TREATMENT**

COMES now the Staff of the Public Service Commission of the state of Missouri (Staff) and for its reply to the Response filed in the above-styled cause by Gas Service, a Western Resources Company (Gas Service or Company), formerly The Kansas Power & Light Company (KPL), states as follows:

1. On March 10, 1992, the Staff filed a detailed Memorandum containing Staff recommendations regarding the cast iron and unprotected steel main programs of Gas Service, then KPL, in the above-styled cause.

2. Within this Memorandum, the Staff made the following recommendations regarding KPL:

- a. That KPL submit detailed program explanations in addition to the schedules already submitted by KPL, as it is the Staff's contention that such schedules alone do not constitute full compliance with the Commission Rule requiring the submission of a program.
- b. The Staff recommended that KPL take precautions when choosing to cathodically protect, rather than replace, high priority

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unprotected steel mains in an attempt to determine when a main's condition has deteriorated to a point where replacement is necessary.

3. The Staff's Memorandum also recommended to the Public Service Commission (Commission) that it:

- a. Not approve the cast iron main replacement schedule submitted by KPL.
- b. Approve a modified schedule for cast iron mains and unprotected steel mains as proposed by the Staff.
- c. Order KPL to identify additional mains in three high priority areas as listed, provide this data to the Commission and place these mains into the schedule proposed by the Staff, and
- d. Give KPL adequate time to respond to the Staff's Memorandum.

4. In conjunction with this Memorandum, the Staff filed a Motion requesting that the Commission issue an Order directing KPL to respond to Staff's Memorandum within thirty days of KPL's receipt of the Memorandum.

5. On March 20, 1992, KPL responded to the Staff's Motion and requested additional time, asking the Commission to allow KPL sixty days to respond to Staff's Memorandum.

6. On March 27, the Staff filed a Reply to KPL's Request for Additional Time opposing such extension of time but recommending, in the alternative, that the Commission direct KPL to respond to Staff's Memorandum within thirty days of the issuance of the Commission's order.

7. On April 8, 1992, the Commission issued its order directing KPL to respond to the Staff's Memorandum on or before May 8, 1992.

8. On May 11, 1992, KPL, now Gas Service, filed its Response of Gas Service, a Western Resources Company (Response). This Response includes a program explanation and responses to the Staff's recommendations. In summary, Gas Service believes that its unprotected steel main and cast iron main programs comply with the Commission's safety rules and "suggests its proposals, as submitted, serve as the approved foundation for its cast iron and bare steel program."

9. As an aside, the Staff here notes that what it believes to be a typographical error on Attachment 2 of Gas Service's Response has still not been corrected from the schedule submitted by KPL on September 27, 1991. The Staff believes that the total of 366 miles in the "4 INCH AND SMALLER-OTHER" category should be 253 miles. The difference amounts to 113 miles.

STAFF'S REPLY

10. The Staff is still of the opinion that Gas Service's cast iron main program and schedule is not in compliance with 4 CSR 240-40.030 (15) (D) as indicated in the Staff's original Memorandum. The Staff still recommends that Gas Service's cast iron main schedule should not be approved and that the Commission should order and approve a modified schedule for high priority cast iron mains. Because of some of the information contained in Gas Service's Response, the Staff has modified its previous recommended schedule and has attached a modified schedule as Staff Attachment 1 to this Reply. A summary of the changes which the Staff has made to its original schedule which was attached to the Staff's Memorandum, are as follows:

- a. Letter designations used in the chart have been defined.
- b. Staff has used a variable amount for replacements in the "Public Works" category.
- c. Changed the start-up date for replacements in the "Past Corrosion" category to 1993 instead of 1992 to allow time for Gas Service to review historical records.
- d. The "Past Excavations" category has been removed.
- e. The "emphasis" footnote has been changed to reference recent history and included past excavations.

11. In addition to the above changes, there was one item in Gas Service's Response that was changed from the program submission of September 27, 1991. Gas Service's Response states that the schedule set forth in its Attachment 2 provides specific amounts for three years and estimated amounts "shaded in gray" for an additional six years. Commission Rule 4 CSR 240-40.030 (15) (D) and (15) (E), require all high priority mains to be identified, prioritized, and scheduled for attention in an expedited manner. These rules do not provide for a program that only establishes a schedule for a small part of all high priority mains.

12. The Company has identified about 350 miles of high priority cast iron mains to be replaced in an expedited manner. The specific three year program for 1992 through 1994 would only address about 65 miles of the high priority mains (about 19%), leaving about 285 miles in an "estimated" program subject to "adjustments". Only the three year program is discussed in the program explanations section of the Response. This does not meet the rule requirements for scheduling priority mains or establishing a subsequent long-term program. Therefore, the Staff cannot recommend its approval.

13. In addition, the Staff believes that the "estimated" cast iron main replacements of 64, 77, 85, 85 and 74 miles (for CY 1996, 1997, 1998, 1999 and 2000) may not be realistically achievable. The six year "estimated" program replacement amounts also include approximately 113 miles of cast iron main that do not exist, as previously noted by the Staff.

14. The Company's program does not comply with 4 CSR 240-40.030 (15) (D) for cast iron mains. The primary deficiency is that the program is a specific schedule (firm) for only three years and an estimate for six additional years. A "firm" program must be in place to address the priority mains and subsequent long-term replacements. The estimates for 1995 and subsequent years must be made "firm" with specific and realistic replacement levels included. The Staff maintains that replacement levels should be upheld at least to the replacement mileage committed to for 1995 (48.1 miles). The program should also identify six inch and larger cast iron mains with break/fracture history which should be included in the later years of the program. Public Works projects must be included as they become known. A long-term program must be established. Again, the Staff questions whether 12.8 miles of cast iron main replacement for 1992 is adequate.

15. The Staff also maintains that Gas Service's unprotected steel mains program is ambitious and exceeds the requirements of the rule. If the program to cathodically protect the unprotected steel mains can be accomplished economically in conjunction with the service line replacement program, and without detriment to the priority cast iron main replacements, the Staff believes it may be cost effective and acceptable if done exercising sound business and engineering practices. The Staff expressly reserves its right to review the ratemaking treatment for the costs

associated with actions which go beyond the requirements of the Commission's Rules for future rate cases.

16. In closing, the Staff asserts that its schedule is superior to the Gas Service Response Attachment 2 for the following reasons:

- a. It complies with 4 CSR 240-40.030 (15) (D) for cast iron mains and (15) (E) for unprotected steel mains.
- b. It specifies replacement of all high priority cast iron mains within nine years.
- c. It switches emphasis to high priority cast iron mains away from low priority unprotected steel mains.
- d. It provides added prioritization of the highest risk mains.

17. The Staff hereby requests that the Commission expedite its determination and approval of the appropriate schedules for cast iron and unprotected steel mains. Expedited treatment is needed because Gas Service's programs begin in 1992 and the construction season to accomplish those schedules is now underway. In addition, Gas Service budgets for 1993 will soon be developed. The construction work required to accomplish the scheduled cast iron main and unprotected steel main programs must be established to enable the Company to meet the objectives of the approved programs.

WHEREFORE, the Staff of the Public Service Commission of the state of Missouri respectfully requests expedited treatment by this Commission in considering Gas Service's cast iron and unprotected steel main replacement programs and requests that the Commission approve the programs submitted by Gas Service with the appropriate modifications suggested by Staff in its Attachment 1 to this Reply.

Respectfully submitted,

William M. Shansey

William M. Shansey
Assistant General Counsel

Attorney for the Staff of the
Missouri Public Service Commission
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 5th day of June, 1992.

William M. Shansey

PSC Staff Proposal for KPL Main Programs Required By Subsections (15)(D) & (15)(E)

Cast Iron Main Replacement Program – Subsection (15)(D) – Miles

High Priority Category	Code Requirement	Total	1992	1993	1994	1995	1996	1997	1998	1999	2000
2" and 3" – P&P	(15)(D)1.A.,B.,&C.	1	1								
4" – P&P	(15)(D)1.A.,B.,&C.	22	4*	12	6						
6" – Paved	(15)(D)1.A.	19		2*	11	6					
6" – Public; >6" – P&P	(15)(D)1.A.&B.	54				4*	10	10	10	10	10
2" and 2½" – Other	(15)(D)1.C.	20	10*	10							
3" and 4" – Other	(15)(D)1.C.	233		3*	18*	32*	36	36	36	36	36
Public Works Projects	(15)(D)1.D.,E.,&F.	NA	V	V	V	V	V	V	V	V	V
Break/Graph. – >4"	(15)(D)1.G.	"B"					B/5	B/5	B/5	B/5	B/5

Unprotected Steel Main Program – Subsection (15)(E) – Miles

High Priority Category	Code Requirement	Total	1992	1993	1994	1995	1996	1997	1998	1999	2000
P&P – Protect	(15)(E)1.&2.	P&P =	10	10	10						
P&P – Replace	(15)(E)1.,2.,&5.	33	1#	1#	1#						
Public Works Projects	(15)(E)3.&4.	NA	V	V	V	V	V	V	V	V	V
Past Corrosion	(15)(E)5.	"C"		C/4	C/4	C/4	C/4				
FPI	(15)(E)5.	NA				2	4	6	6	6	6

* – Emphasis on Main Segments with Recent Fracture or Graphitization History, and/or Nearby Past Excavations

– Past and/or Current Corrosion Leak History; Miles should be Raised if Necessary

P&P – Areas of Continuous Pavement or General Public Concentrations

B = Unknown Total of >4" Cast Iron Mains that have Fracture History and are not High Priority Otherwise (B/5 = 1/5 of Total)

C = Unknown Total of Unprotected Steel Mains with Past Corrosion and/or Active Leaks, that are not High Priority Otherwise (C/4 = 1/4 of the Total)

V = Varied Amount of Replacement; Future Public Works Projects and Nearby Excavations

Long-Term Cast Iron Main Program – Paragraph (15)(D)2.

Beyond the year 2000, replacements will concentrate on the remaining 6", public works, FPI, and system improvements.
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