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December 7, 1994

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

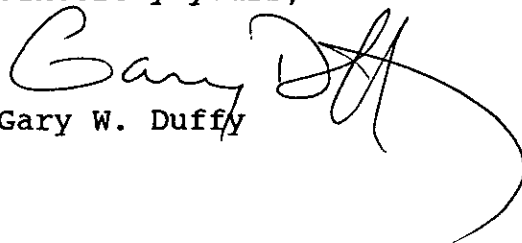
Re: Case No. GO-91-277

Dear Mr. Rauch:

Enclosed for filing with your office please find an original and fourteen copies of a Response to Order Concerning Motion to Modify Replacement and Protection Plan. Please bring this to the attention of the Commission.

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

Sincerely yours,


Gary W. Duffy

Enclosures

cc w/encl:

Office of Public Counsel
John Fernald
Bill Dean

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DEC 7 1994

PUBLIC SERVICE COMMISSION

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DEC 7 1994

PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

RESPONSE TO
ORDER CONCERNING MOTION TO MODIFY
REPLACEMENT AND PROTECTION PLAN

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

1. MGE is convinced that the Motion which MGE filed on November 16, 1994, concerning the Replacement and Protection Plan does not represent a compromise of the public safety. The same total number of annual miles of replacement and protection of mains which the Commission ordered in 1992 continues in the proposed plan. The only change is the elimination of some arbitrary sub-categories which experience has shown to be irrelevant. To replace the arbitrary categories, MGE provided a prioritization plan which is designed to give priority to safety-related matters. The Staff of the Commission agreed and recommended its approval.

2. For example, there is a Public Works category which was contingent upon some public entity doing a particular project, e.g. a street improvement, which would then be coordinated with the gas

company to allow main replacement at the same time the street was torn up. The number of miles scheduled for those categories was totally arbitrary and dependent upon another entity, over which MGE has no control, scheduling the projects in the first place. If the public entity decides to change its priorities and not repair some streets, MGE finds itself violating one of the categories because there is no public works project with which to coordinate the gas line replacement. This type of experience with the subcategories led MGE to state in the motion 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.

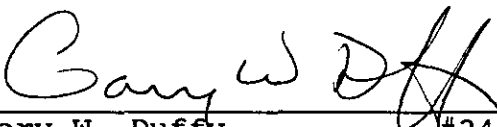
3. This is not a situation where there is a "sudden and apparent abandonment" of the prioritization schedule. This is a situation where both the gas company and Staff, after working under the prioritization schedule since October 1992, have determined from those years of experience that the categories do not necessarily identify the mains that present the most hazards. For instance, the categories do not address areas where MGE has experienced main breaks or high water tables and flooding. In place of the arbitrary categories, MGE produced a plan by which replacement and protection are to be evaluated, taking into consideration several objective factors which relate to public safety. Rather than continue under a plan which suffers from the

problems which have been encountered, MGE, with the Staff's support, has proposed a modification of the plan which replaces arbitrary categories with objective criteria for prioritization.

4. As a result of the Order issued on December 2, 1994, MGE is uncertain of what types of information and what volume of information the Commission desires to reach the same conclusion that Staff and MGE have already reached; namely, that the prioritization plan proposed by MGE accomplishes everything the existing plan does in a more realistic and practical manner without sacrificing public safety. MGE is concerned that it might produce too little or too much documentation, or not focus on the appropriate topics, in an attempt to satisfy the Commission's concerns with a supplemental filing on or before December 23, as the order indicates the Commission desires. Rather than devoting time and resources producing documents which the Commission may not consider relevant, MGE suggests instead that the Commission order an "on the record conference" or something of a similar nature at the Commission's earliest convenience. MGE will produce knowledgeable representatives to answer the Commission's questions about the proposal and indicate what type of information is available. If additional documentation is requested by the Commission as a result of that discussion, the parties will thereby have a clearer direction of the type of information the Commission requires.

WHEREFORE, MGE requests the Commission to schedule an "on the record conference" or similar opportunity for representatives of MGE and the Staff and other interested parties to answer the Commission's questions and determine the nature of additional documentation which may be appropriate.

Respectfully submitted,

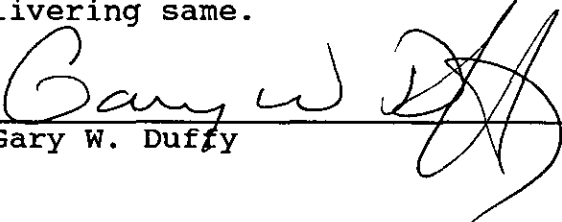


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Attorneys for
Missouri Gas Energy

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 7th day of December, 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