

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

The Staff of the Public Service Commission,)	
)	
Complainant,)	
)	
vs.)	<u>CASE NO. GC-83-201</u>
)	
The City of Granby, Missouri,)	
)	
Respondent.)	
)	

APPEARANCES: Nolen W. Berry, Attorney at Law, 116 West Main, Neosho, Missouri 64850, for the City of Granby, Missouri.

Eric Kendall Banks, Assistant General Counsel,
P. O. Box 360, Jefferson City, Missouri 65102, for the Staff
of the Missouri Public Service Commission.

REPORT AND ORDER

On December 14, 1982, the Staff of the Missouri Public Service Commission (Staff) filed its complaint against the City of Granby, Missouri (Granby or City). Therein, Staff alleges that the City of Granby is violating Commission rules pertaining to corrosion control requirements for gas pipelines as set forth in 49 CFR Subchapter D - Part 192, Subpart I. (Adopted by 4 CSR 240-40.030). Staff alleges that the specific requirements which are being violated pertain to the level of cathodic protection being supplied to Granby's gas system and are set forth in Sections 192.463 and 192.465 of Subpart I. Staff requests that Granby be ordered to immediately take steps to provide adequate cathodic protection for its gas system and that the Office of General Counsel be authorized to seek penalties in the Circuit Court in the amount of \$18,000.

On May 10, 1983, Granby filed its answer and accompanying motion for leave to file answer out of time. Granby denies each of Staff's allegations and asserts

that it has always acted in good faith and attempted to comply with safety standards in such a timely manner as construction and engineering studies would reasonably allow.

An evidentiary hearing in this matter was duly held on August 11, 1983. The reading of the transcript has not been waived. The parties presented their oral argument at the conclusion of the hearing.

Findings of Fact

The Missouri Public Service Commission (Commission), having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

The City of Granby operates a municipal gas system. The Commission has regulatory jurisdiction over gas safety operations of municipal gas systems.

Staff sponsored the testimony of W. R. Ellis, an engineer in the Commission's utilities division. Mr. Ellis indicated that four evaluations of Granby's gas system had been conducted since 1981. After each of these evaluations, the City was informed that its system did not meet the required safety measures concerning cathodic protection. Cathodic protection is an electrochemical means to mitigate the destruction of a metallic surface buried in the ground. The lack of cathodic protection or insufficient cathodic protection leads to more rapid deterioration and corrosion of a pipeline which in turn produces holes from which natural gas could escape. Although Mr. Ellis indicated that during Staff evaluations of the City's system, no gas leaks were found. He did point out that searching for leaks was not the intent or purpose of the evaluations. Staff used anchored equipment and generally accepted methods for testing City's system to determine whether or not it had sufficient cathodic protection.

Mr. Ralph B. Handlin testified on behalf of the City. Mr. Handlin is an engineer with expertise in cathodic protection, installation of cathodic protection, anodes and rectifiers. The City hired Mr. Handlin in the latter part of April, 1983,

to determine what needed to be done to bring City's gas system into compliance with the state safety regulations. Mr. Handlin indicated that he had devised a six-step procedure to bring the Granby system into compliance. Mr. Handlin further stated that the first four steps of his plan had been completed and that he is ready to proceed with step five. The fifth step of Mr. Handlin's plan is to locate and correct any shorts between water lines and gas lines or meters. The sixth step then is to add cathodic protection, if any is needed. Mr. Handlin testified that substantial progress has been made in the last three months and that within six months the City's system should be completely protected, that is, in compliance with minimum standards.

Ms. Donna Fullerton, City Clerk of Granby, also testified on behalf of the City. Ms. Fullerton stated that the City has allocated whatever resources necessary to implement Mr. Handlin's plan.

The parties essentially agree that the level of cathodic protection on Granby's system is not sufficient to meet minimum safety requirements. However, the City argues that Staff should not be authorized to seek penalties in this case because the City is now making a good faith effort to bring its system into compliance with minimum safety standards.

Conclusions of Law

The Missouri Public Service Commission reaches the following conclusions, based upon the competent and substantial evidence upon the whole record:

This Commission has regulatory jurisdiction over the operations of municipal gas distribution systems pursuant to Section 386.310(4), RSMo 1978.

Commission Rule 4 CSR 240-40.030 is entitled "Safety Standards - Transportation of Gas by Pipeline" and prescribes minimum safety standards for the transportation of natural and other gas by pipelines to which jurisdictional gas distribution operators must adhere. 49 CFR Subchapter D - Part 192, the minimum federal safety standards for the transportation of natural and other gas by pipeline, has been adopted by the Commission within the context of 4 CSR 240-40.030.

The Commission concludes that the City of Granby is violating the Commission rules pertaining to corrosion control requirements for gas pipelines. The Commission further concludes that the City is presently attempting to bring its system into compliance with said rules.

The Commission is of the opinion that the City should cause to be filed with the Secretary of the Commission in this docket a detailed plan of action which includes, but is not limited to, the following: (1) a report by a qualified expert on the exact nature and extent of the condition of the total system; (2) the expert's specific recommendations as to what actions must be taken to bring the system into compliance; (3) the City's exact timetable for accomplishing these actions; and (4) the estimated cost thereof. The Commission is further of the opinion that it should defer ruling on Staff's request for authorization to seek penalties in order to observe the City's vigor in addressing the issues herein.

It is, therefore,

ORDERED: 1. That within ninety (90) days of the effective date of this Report and Order, the City of Granby, Missouri shall cause to be filed with the Secretary of the Commission a report containing the information described in the body of this order. The City shall also include therein a statement as to the progress made since the time of hearing toward correction of the safety problems on its gas system.

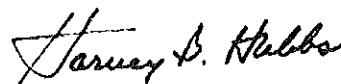
ORDERED: 2. That within twenty (20) days of the date of filing of City's report, Staff shall file its response thereto, requesting further hearing, if necessary.

ORDERED: 3. That this Report and Order shall become effective on the 22nd day of September, 1983.

(S E A L)

Shapleigh, Chm., Dority, Musgrave
and Mueller, CC., Concur and certify
compliance with the provisions of
Section 536.080, RSMo 1978.
Hendren, C., Absent.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

Dated at Jefferson City, Missouri,
this 12th day of September 1983.