

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 21st
day of March, 1990.

In the matter of the verified request)
of Laclede Gas Company for waivers) CASE NO. GO-90-140
of compliance with certain specified)
provisions of 4 CSR 240-40.030.)

ORDER REGARDING REQUESTS TO STAY ENFORCEMENT

On January 5, 1990, Laclede Gas Company (Laclede, Applicant or Company) filed its verified request for a stay of enforcement and an eventual waiver of compliance with certain provisions of the Commission's recently promulgated gas safety rule. Section (16) of the rule provides for compliance waivers on a showing that gas safety will not be compromised [4 CSR 240-40.030(16)]. In a previous and related case, GX-89-220, the Commission denied Laclede's motion to extend the effective date of the gas safety rule, but noted the Commission's inherent authority to stay the enforcement of specified rules, pending the outcome of a request for waiver. Applicant now seeks (1) an immediate stay in enforcement of the six rules below described, and (2) pending further Commission review, an authority order granting a compliance waiver for the same rules.

On January 30, 1990, key members of the Commission's gas safety section met with Laclede management and gas safety representatives to explore both the nature of Laclede's request and the possibility of resolving this matter on an informal basis. Although the meeting failed to produce an accord, the Commission finds that Staff and Company personnel should, when appropriate, freely exchange ideas and views regarding interpretation and enforcement of Commission gas safety rules.

On February 20, 1990, the Commission's Department of Pipeline Safety and General Counsel's Office made their recommendation regarding each of Laclede's six

requests for stay and waiver. A copy of the recommendation was sent to Laclede. Having considered both Laclede's and Staff's views, the Commission finds as follows.

Laclede first seeks a stay of, and eventual waiver from, 4 CSR 240-40.030(9)(I)1. (All citations following will begin .030). This rule is similar to 49 CFR 192.465(a), the federally prescribed minimum gas safety standards. The rule generally requires that isolated metallic fittings on gas piping be monitored to ensure adequate cathodic protection. Laclede states it has installed thousands of these fittings on plastic distribution lines, that the locations are mostly unknown, and that the expense of locating and monitoring them would be "enormous." Applicant states that because each fitting is coated and has an anode attached, monitoring is unnecessary from a safety standpoint.

Staff's recommendation states that federal gas safety regulations require monitoring of such fittings, and that the Commission cannot grant a stay or waiver of its rule unless a waiver is also sought at the federal level, pursuant to 49 CFR 192.465(a). Regarding the possible application of exemptions now contained in the Commission's rule, Staff recommends that Laclede and Staff meet again to discuss, clarify and determine which fittings are presently exempt. To the extent certain fittings are exempt, Laclede's still pending request for a waiver may be resolved. The Commission finds that pending such a meeting, it would be imprudent to stay the enforcement of .030(9)(I)1. Laclede's request is therefore denied.

Laclede next requests a stay and eventual waiver of a portion of .030(9)(P), a rule which, in part, requires painting or coating outside gas piping. Laclede objects to what it characterizes as the rule's new definition of "atmospheric corrosion"; the Company also objects to the elimination of an exception found in the federal requirements, one which permitted operators to defer certain maintenance on outside piping on a showing that corrosive atmospheres do not exist. Laclede states that defining corrosion as the "existence of pitting" does not indicate a hazardous situation. Laclede states that the new definition of

corrosion and the loss of the exception noted above will cost \$1,300,000 to repaint exposed piping.

Staff's recommendation addresses two aspects of rule .030(9)(P)1. For outside piping, neither coated nor painted, and installed between July 31, 1971 and December 15, 1989, Staff recommends a stay of enforcement pending a final determination of waiver. These facilities are monitored under .030(9)(Q). Before the Commission considers the waiver sought by Laclede, Staff requests documentation to support the Company's view that corrosive atmospheres do not exist.

The second part of Staff's recommendation is directed to pipelines exposed to an inside atmosphere, those exposed to an outside atmosphere and installed before August 1, 1971, and to painted or coated pipelines exposed to an outside atmosphere. Contrary to Laclede's assertions, Staff does not interpret .030(9)(P)2. to require prompt painting or coating of these pipelines. All such facilities require monitoring under .030(9)(Q). Staff therefore recommends that a stay is not warranted.

After considering both Laclede's and Staff's views, the Commission finds that a stay of enforcement is appropriate for .030(9)(P)1., pertaining to uncoated and unpainted pipelines exposed to the outside atmosphere and installed between July 31, 1971 and December 15, 1989. The Commission also finds that staying this part of the rule will not compromise gas safety. However, Laclede's request to stay .030(9)(P)2., pertaining to inside piping, outside piping installed before August 1, 1971, and painted or coated outside piping, is, for the reasons stated above, denied.

Applicant next requests a stay pending waiver of .030(9)(V)1. and 2.A. This rule requires Laclede to create and maintain a new and separate map system to show the location of cathodic protection facilities. The Company maintains it has adequate documentary records of all such protective devices and to install a new mapping system would cost \$1,500,000 and \$100,000 a year to maintain. Laclede avers that gas safety will not be compromised by staying this requirement because

- (1) Company records of such protective devices exceed federal requirements,
- (2) Company maps, field notes, card files and computer data sufficiently identify the location of such devices.

Staff recommends that the Commission stay this requirement, pending waiver and Staff's on-site inspection and systemwide evaluation, including Laclede's Missouri Natural and Midwest Divisions.

Having considered both Applicant's and Staff's views, and being mindful of the high cost to initiate a mapping system which, per the Company, may not be required to locate cathodic protection devices, the Commission finds that staying the enforcement of this rule pending waiver and Staff's evaluation will not compromise gas safety.

Laclede's fourth request is for a stay pending waiver of .030(13)(M). This rule requires gas operators to conduct leak surveys on customer-owned buried fuel lines and yard lines. Neither survey was required by federal rules. Laclede avers it will be impossible to fully comply with this requirement; partial compliance would initially cost \$1,000,000 and \$500,000 per year thereafter. Applicant also notes that its cost estimates do not reflect the increased exposure to liability imposed by the rule, and further states that for large industrial customers, those with elaborate or unusual piping, both access and identification problems will arise.

Staff recommends that pending waiver, Laclede be granted a stay of this provision only as it applies to buried fuel lines, not yard lines. Residential or small commercial fuel lines are small diameter lines, operate at low pressures, and vent leaks to the atmosphere. For these customers, Staff feels that perimeter checks would comply with the rule. Staff also states that gas safety will not be compromised by granting a stay. Staff opposes a stay for yard lines, inasmuch as unprotected yard lines must be surveyed yearly and replaced in ten years. [See .030(15)].

Having considered Staff's and Applicant's views, the Commission finds that gas safety will not be compromised by granting Laclede a stay pending waiver of .030(13)(M) as it relates to fuel lines. There will be no stay of the requirement regarding yard lines.

The Company next seeks a stay pending waiver of a portion of .030(13)(V). This rule, which is more stringent than the federal rule, requires Laclede to maintain additional emergency valves used in its system and to partially operate such valves every other year. Applicant claims that testing the valves by turning them the required quarter-turn will result in shutdowns and unsafe pressure reductions. The Company has other shut-off mechanisms, such as squeeze-off tools, which it claims are effective. Laclede estimates that compliance with the Commission's new rule will cost \$340,000 a year, and that compliance will detract from, not enhance, gas safety. The Company also notes that it has an in-place valve maintenance program, and that compliance with the new rule will disturb this program.

Staff recommends that enforcement of .030(13)(V)3., which requires that additional valves be maintained, be stayed for six months. By so doing, the Staff will have time to more fully assess the present system. In the interim, the Staff advises that a stay in enforcement will not compromise gas safety.

Staff opposes staying the requirement for partially operating valves. The Commission concurs. Operating a valve is the best way to determine if a valve works. Nor is Staff convinced that partial operation causes low pressure, unsafe conditions or shutdowns. The valves are not operated long enough, in Staff's view, to create these conditions.

Having considered both Laclede's and Staff's positions, the Commission finds that gas safety will not be compromised by staying the enforcement of .030(13)(V)3. until this matter can be more fully investigated for consideration of waiver. The Commission also finds that the portion of .030(13)(V)2., which

requires the partial operation of valves, should not be stayed. On the basis of present information, to do so would compromise gas safety.

Laclede's final request is to stay .030(14)(B), a portion of which, part 6, requires gas operators to do subsurface leak checks when making routine service calls, and, in part 7, conduct repeat, or followup, leak surveys following leak calls which, on initial investigation, show no leak. The Company maintains that these additional tests will increase its yearly costs by \$1,800,000 with no safety benefits. Laclede states its ongoing systematic testing is more efficient than the sporadic and unscheduled testing required by the rule. The Company's appliance repair program would also suffer, given that leak surveys would have to accompany such routine calls.

Regarding the repeat, or followup, leak survey, required by part 7 of the rule, Staff reports that Laclede conducted 450 such leak investigations between December 15 and 31, 1989. No leaks were found. When Staff and Laclede met on January 30, 1990, the Company had conducted an additional 630 repeat, or followup, leak investigations. Again, no leaks were found. Staff's recommendation on this point states "The basic data provided by Laclede does seem to support the argument that repeat leak investigations...are redundant and unnecessary." Staff nevertheless recommends against staying this portion of the rule, stating that repeat testing should be done in periods of "frost" or "moisture saturation" and over a longer period of time before the Commission stays or waives this requirement.

Having considered both Laclede's and Staff's statements, the Commission agrees with Staff. At the present time, there is insufficient data to justify staying part 7 of .030(14)(B). The Commission finds that Staff's desire to utilize followup leak survey results obtained during periods of "frost or moisture saturation" is reasonable, even though it will compel Laclede to continue repeat leak investigations until more data is obtained. On receipt of additional data from Laclede which confirms that repeat surveys are of little or no value, and

after Laclede and the Commission Staff review said data and the Staff reports thereon, the Commission may entertain another request to stay the provision.

Staff also recommends against staying the additional subsurface testing requirement found in .030(14)(B)6. While admitting such random checks rarely disclose a leak, Staff notes that scheduled leak surveys rarely disclose leaks. Inasmuch as Laclede personnel are already on the premises, Staff is of the opinion that requiring the Company to conduct additional subsurface testing provides a tangible safety benefit. The Commission finds that it has insufficient data to justify granting the stay of this part of the rule. Lacking such justification, the Commission denies Laclede's request to stay the enforcement of .030(14)(B)6. On receipt of data from Laclede which confirms that such additional tests are of little or no value, and after Laclede and the Commission Staff review said data and the Staff reports thereon, the Commission may entertain another request to stay the provision.

The Commission has determined that it would be in the public interest for Laclede and other gas operators desiring stays or waivers to meet informally with Commission personnel and present any data, evidence or arguments supporting stays or waivers. This procedure will not preclude a formal application for stays pending waivers, or one for waivers only, but will assist the Commission and its Staff in assembling information necessary to support a stay or waiver, and, in some instances, may disclose that stays or waivers are not necessary. The Commission also finds that all stays pending waiver herein granted to Laclede are unique to Laclede's system, and to its operating and training procedures. Nothing in this order is meant to apply, or applies, to any gas operator other than Applicant.

It is, therefore,

ORDERED: 1. That Laclede Gas Company's request to stay the enforcement of 4 CSR 240-40.030(9)(I)1. is hereby denied.

ORDERED: 2. That Laclede Gas Company's request to stay the enforcement of that portion of 4 CSR 240-40.030(9)(P) pertaining to pipeline installed between July 31, 1971 and December 15, 1989, is hereby granted.

ORDERED: 3. That Laclede Gas Company's request to stay the enforcement of that portion of 4 CSR 240-40.030(9)(P)2. pertaining to inside piping, and outside piping installed before August 1, 1971, is hereby denied.

ORDERED: 4. That Laclede Gas Company's request to stay the enforcement of 4 CSR 240-40.030(9)(V)1. and 2.A., pertaining to maps, is hereby granted.

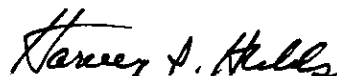
ORDERED: 5. That Laclede Gas Company's request to stay the enforcement of 4 CSR 240-40.030(13)(M), pertaining to surveying fuel and yard lines, is granted only as to fuel lines and as provided above.

ORDERED: 6. That Laclede Gas Company's request to stay the enforcement of 4 CSR 240-40.030(13)(V), pertaining to emergency valves, is granted only as to the requirement that additional valves be maintained; the Company's request to stay the enforcement of the requirement to partially operate valves is denied.

ORDERED: 7. That Laclede Gas Company's request to stay the enforcement of 4 CSR 240-40.030(14)(B), parts 6 and 7, pertaining to both subsurface leak checks and repeat leak surveys, is denied.

ORDERED: 8. That this order shall become effective on the 2nd day of April, 1990.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Mueller, Rauch
and McClure, CC., Concur.
Letsch, C., Absent.