

STAFF'S STATUS REPORT

Case No. GS-2004-0257

City Utilities of Springfield

July 25, 2011

EXHIBIT A

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STAFF RECOMMENDATION:

Based upon its review and observations, Staff recommends continuing the current replacement program and leak survey schedule (based upon the replacement criteria for calendar year 2010 and beyond listed in this report) through the end of 2012. City Utilities has implemented all Staff's Recommendations in calendar year 2010 and has continued to follow the Recommendations through this reporting period.

City Utilities continues focusing its replacement efforts on replacing plastic pipe that has experienced or could have failures due to rock impingement. City Utilities has been concentrating efforts on renewing piping from the "Master List" as the other replacements are completed. Staff agrees with this approach because the level of replacements of pipe to date has now lowered the rock-impingement leak rate since 2008 on City Utilities' pre-1985 pipe operating at high pressure that is in a rock-dirt mix backfill.

REPORT OVERVIEW:

This is Staff's first scheduled status report concerning the schedule and recommendations in the *Joint Recommendation Concerning Pipeline Replacement Schedule* ("Joint Recommendation") filed on May 18, 2010, and approved by the Commission on May 28, 2011. The following status report pertains to Staff's on-going investigation into plastic pipe leaks caused by rock impingement and City Utilities of Springfield's ("City Utilities") plastic pipe replacement program. This status report summarizes data obtained from City Utilities' semi-annual reporting since the adoption

of the May 18, 2010 Joint Recommendation, as well as data obtained during Staff's ongoing monitoring and evaluation of the replacement of plastic pipe in City Utilities' system and City Utilities' leak survey techniques and results. This report contains information on leaks, replacements, and leak surveys conducted since the modifications to the program listed in the Joint Recommendation for the time period of January 1, 2010 through June 30, 2011.

BACKGROUND:

On April 30, 2009, Staff filed its *Staff's Response to Commission Order Directing Filing of Status Report* ("Report") outlining the progress City Utilities had made in the replacement of pre-1985 "high-pressure" DuPont ALDYL® "A" PE piping that was ordered in the November 1, 2007 *Order Adopting Joint Recommendation*. In its Report, Staff indicated that it would focus on development of a program for calendar year 2010 and beyond. In addition, Staff indicated that City Utilities of Springfield ("City Utilities") should at least continue the program as currently established, with replacements continuing to at least the current rate, until a new program is approved by the Commission. The Commission's June 18 2009 *Order Adopting Status Report* ordered Staff to file additional status reports or recommendations as needed, but no later than June 30, 2010.

On May 18, 2010, Staff and City Utilities filed a *Joint Recommendation Concerning Pipeline Replacement Schedule* ("Joint Recommendation"). The Joint Recommendation listed the parameters that Staff and City Utilities agreed to follow for year 2010 and beyond. The Commission issued an *Order Adopting Joint Recommendation and Ordering Compliance with Pipeline Replacement Schedule* on

May 28, 2010 in which it ordered Staff to file additional status reports or recommendations as needed, but no later than July 1, 2011.

On July 14, 2011, Staff filed a *Staff's Notice to the Commission and Request to Late File Status Report*. Staff reported that it was completing discussions with City Utilities and would file its status report no later than July 25, 2011. The Commission granted the *Request to Late File Status Report* on July 14, 2011 and further ordered Staff to file its status report no later than July 25, 2011.

This filing is in response to the July 14, 2011 Commission's Order to file its status report no later than July 25, 2011.

STATUS REPORT:

During the time period January 1, 2010, through December 31, 2010, City Utilities experienced 22 leaks due to rock impingement, of which fourteen (14) were on high-pressure piping (60 psig), five (5) were on intermediate pressure piping (5-35 psig) and three (3) were on low pressure piping (0-5 psig). During the time period January 1, 2011, through June 30, 2011, City Utilities experienced three (3) rock impingement leaks of which two (2) were on high-pressure piping and one (1) was on intermediate pressure piping. Upon discovery, the leaking service lines were replaced main-to-meter. The mains where these leaks were found have been added to the "Plastic Pipe Failure-Rock/Dirt Mix Master List" ("Master List") for replacement (lists pipe segments that need to be replaced, scheduled for replacement and that have been replaced based upon rock impingement leaks, piping segments in a rock-dirt mix backfill and other criteria as listed in recommendation 4.

Records indicate 95% of rock impingement leaks have been on pre-1985 piping and 80% have been on piping operating at high-pressure (60 psig operating systems). The recommendations in the May 18, 2010 Joint Recommendation as approved by the Commission May 28, 2010 are listed below, followed by the current status of each recommendation. City Utilities was able to meet the requirements for calendar year 2010, even though the Joint Recommendation was not approved until May 2010, because Staff and City Utilities began discussions concerning the recommendations prior to January 1, 2010. City Utilities began following the criteria in the Joint Recommendation beginning January 1, 2010. .

Recommendations - Replacement Criteria for Calendar Year 2010 and Beyond:

1. City Utilities shall replace the remaining pre-1985 “high-pressure” DuPont ALDYL[®] “A” polyethylene (PE) piping (services lines 1¼ inches in diameter and larger and mains) at a rate of at least 6 miles annually.
2. *During the time period of January 1, 2010 through December 31, 2010, City Utilities replaced 6.80 miles of plastic main and 316 plastic service lines for a total of 6.80 miles of plastic pipe. During the time period of January 1, 2011 through June 30, 2011, City Utilities replaced 2.22 miles of plastic main and 138 plastic service lines. Overall replacement for calendar year 2010 and the first half of 2011 was 9.02 miles of plastic piping and 454 plastic service lines. The total replacement mileage includes the mileage of replaced 1¼-inch and larger diameter service lines. City Utilities shall continue its practice of replacing nearby or adjacent pipe segments that are beyond the specific piping in the same work order number because the piping was installed in the*

same time period and could likely have been installed using the same methods and in the same environment.

City Utilities' Supervisor Natural Gas Engineering evaluates each location for nearby and adjacent piping replacement before assigning the job to Gas Engineering personnel and these piping segments are included in the replacement.

3. City Utilities shall continue its practice of replacing the service lines associated with the main replacements.

City Utilities has continued its practice of replacing all gas service lines associated with the main replacements.

4. The replacements shall be prioritized based on risk factors, such as Maximum Allowable Operating Pressure (MAOP), date of installation, installation in rock-dirt backfill, history of leaks due to rock impingement, continuous pavement areas, areas of high population density, areas of previous leakage, and other appropriate criteria.

City Utilities' Supervisor Natural Gas Engineering evaluates each location per the above criteria and the "Master List" before assigning the job.

5. The primary focus of the replacement program shall be on "high-pressure" DuPont ALDYL® "A" piping that was manufactured before 1985 (pre-1985) that was installed in a rock-dirt backfill. Replacements of "high-pressure" DuPont ALDYL® "A" piping installed in 1985 and after, and other lower pressure DuPont ALDYL® "A" piping would normally be a low priority, but can be included in the total annual mileage if the segments have experienced

leaks, are in a rock-dirt backfill, or if the piping is connected to a higher priority segment that is being replaced.

City Utilities' primary focus of the replacement program has been on high-pressure DuPont ALDYL® "A" piping that was manufactured before 1985. City Utilities' Supervisor Natural Gas/Water Engineering evaluates each location and prioritizes the job assignment as contained in the recommended criteria. City Utilities has included the replacement of intermediate and low pressure DuPont ALDYL® "A" piping in the total annual replacement mileage. To date, City Utilities has replaced 24.71 miles of pre-1985 high-pressure (60 psig) plastic piping and 8.73 miles of pre-1985 low and intermediate plastic gas main since the beginning of City Utilities' replacement program in 2004.

6. Staff has agreed that, depending on City Utilities' investigation into their distribution integrity management program (DIMP), the provisions of this replacement program may be adjusted, with Commission approval. The U.S. Department of Transportation-Pipeline and Hazardous Materials Safety Administration Final Rule (DIMP) took effect February 2, 2010, and operators must have an Integrity Management program in-place and implemented by August 2, 2011. If, during the implementation of the DIMP, City Utilities discovers more essential and higher priority areas on which it must concentrate its replacement efforts, such as rock impingement leaks on lower pressure PE piping and PE piping installed after 1984, City Utilities will bring these issues to Staff's attention and notification to the Commission.

City Utilities is in the process of developing its Distribution Integrity Management Program (DIMP). Should the DIMP risk analysis process identify higher priority areas than the segments of its system covered by this order, City Utilities will arrange discussions with Staff and notify the Commission of the higher priority areas.

Non-Replacement Criteria for Calendar Year 2010 and Beyond Recommendations:

In addition to the above replacement program, City Utilities will continue to meet the following requirements of the original agreement.

7. An annual leakage survey shall be conducted over pre-1985, 60 psig plastic piping. In addition, an annual leakage survey shall be conducted over post-1985 and/or low and medium pressure main segments that have exhibited splits or are confirmed to be in rock-dirt backfill.

City Utilities' Gas Leak Survey Department completed leak surveying pre-1985 ALDYL® "A", high-pressure (60 psig) plastic piping in December 2010. During this leak survey twenty-one (21) underground leaks were found, two (2) of which were due to rock impingement. City Utilities' completed leak surveying post-1985 and/or low (0-5 psig) and medium (5-35 psig) pressure main segments that have exhibited splits or confirmed to be in a rock-dirt backfill in June and December 2010, and June 2011. During these leak surveys one (1) rock impingement leak was found. City Utilities is in the process of conducting the annual leakage survey for calendar year 2011 over pre-1985 high-pressure (60 psig) and post-1985 and/or low and medium pressure main segments that have exhibited splits or confirmed to be in

rock/dirt backfill. City Utilities will report these leak survey results to Staff in the next semi-annual report.

8. Quarterly leak surveys shall be conducted of the downtown business district.

City Utilities conducted leak surveys of the downtown business district during April and July 2010, and during January and April 2011. During these leak surveys one (1) belowground leak was found. This leak was not due to rock impingement on plastic piping.

9. Any plastic piping that is exposed will be inspected for proper backfill, and if rock-dirt mix backfill is found, the main segments or larger diameter service lines (1¼-inch diameter and larger) shall be added to the “Master List.”

From January 1, 2010 through June 30, 2011 City Utilities found 289 locations where exposed pipe reports indicated plastic mains or service lines in a rock-dirt mix backfill. These locations were added to the “Master List” for replacement.

10. Semi-annual reports and monthly updates shall be submitted to Staff.

City Utilities continues to submit semi-annual reports to Staff covering the previous six (6) months of the program to include the results of annual leak surveys and the status of plastic main and service line replacements to date. Between July 1, 2010 and June 30, 2011, City Utilities submitted three (3) semi-annual reports and fifteen (15) monthly updates. City Utilities has committed to continuing to submit monthly updates covering rock impingement leaks. Staff will continue to review these monthly updates and semi-annual reports.

11. The mileage of pre-1985, 60 psig mains that remain in the distribution system shall be provided to Staff.

City Utilities had approximately 75.43 miles of pre-1985 high-pressure (60 psig) plastic main in the distribution system at the beginning of the replacement program. City Utilities has replaced approximately 24.71 miles of pre-1985 high-pressure (60 psig) and approximately 8.73 miles of pre-1985 intermediate and low pressure plastic gas main since the beginning of the 2004 City Utilities' replacement program. To date, approximately 50.72 miles of pre-1985 high-pressure (60 psig) plastic main remain in City Utilities' distribution system.

12. Staff and City Utilities shall continue to monitor the effectiveness of the Replacement Program. If at any time, Staff determines that the program requirements should be enhanced, it will immediately bring its concerns and recommendations to the Commission.

City Utilities reports that it is closely monitoring its plastic gas piping system. As leaks due to rock impingement are indentified, these main segments are added to the Master List and annually leak surveyed until they are replaced. Factors, such as location, pressure and number of leaks are being taken into consideration when scheduling plastic pipe replacement projects. As plastic gas mains are being renewed, City Utilities is replacing all of the plastic service lines installed prior to June 2004 along with the main. In addition, Staff will continue to review the monthly updates and semi-annual

reports (see item 10 above) and, if needed, make immediate recommendations to the Commission.

FINAL SUMMARY (Calendar Year 2010 and January 1, 2011 through June 30, 2011)

The recommendations contained in Staff's June 16, 2004 report and the enhancements contained in the October 23, 2007 Staff Report and the May 18, 2011 Joint Recommendation, which have been implemented into City Utilities' gas safety program, are the foundation of City Utilities' continuing plastic pipe replacement program. All of these recommendations must be considered together in order to achieve the purpose of the replacement program, which is protection of the public's safety, and each, therefore, complement the other.

Staff and City Utilities will evaluate the effectiveness of the replacement program (July 1, 2011 through June 30, 2012) and determine if any recommendations need to be made for future program enhancements. At this time the main focus of the program remains on replacement of pre-1985 pipe operating at high pressure, in a rock-dirt mix backfill, but will continue to monitor leaks on pre-1985 low and intermediate pressure plastic natural gas piping.

Staff has been and will continue to monitor the effectiveness of City Utilities' plastic main and service line replacement program and leak surveys. If at any time, Staff determines that the program requirements should be enhanced, it will immediately bring its concerns and recommendations to the Commission. Staff will file another Status Report on or before July 31, 2012.

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


In the Matter of an Investigation into City Utilities of)
Springfield Plastic Pipe Failures and the Adequacy of)
its Leak Survey Procedures, Installation Procedures)
and Replacement Criteria.)

Case No. GS-2004-0257

VERIFICATION

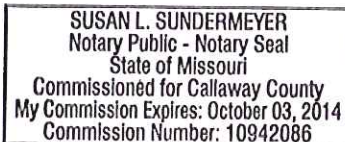
STATE OF MISSOURI)
)
COUNTY OF COLE)

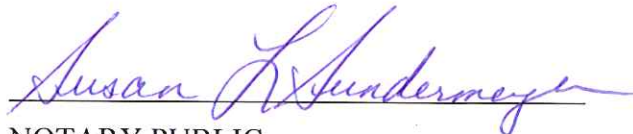
I, Richard A. Fennel, Utility Technical Specialist II in the Commission's Energy – Safety/Engineering Department, of lawful age, on oath state: that I participated in the preparation of the Status Report that is being filed in the above case on July 25, 2011, consisting of twelve (12) pages to be presented in this case; that information in the Status Report was given by City Utilities of Springfield; that I have true knowledge of the matters set forth in such Status Report; and that such matters are true to the best of my knowledge and belief.



Richard A. Fennel

Subscribed and sworn to before me this 25th day of July, 2011.





NOTARY PUBLIC