

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

**FILED**<sup>3</sup>

JUN 6 2011

**Missouri Public  
Service Commission**

St. Louis Natural Gas Pipeline LLC, )  
)  
Complainant, )  
)  
v. )  
)  
Laclede Gas Company, )  
)  
Respondent. )

Case No. GC-2011-0294

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**COMMENTS OF CENTERPOINT ENERGY –  
MISSISSIPPI RIVER TRANSMISSION, LLC**

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In certain filings in this case, St. Louis Natural Gas Pipeline LLC (“SLNGP”) has made a number of false statements regarding CenterPoint Energy – Mississippi River Transmission, LLC (“MRT”). For example, SLNGP has argued that the pipeline that it has proposed is necessary, among other reasons, to decrease the risk of service interruptions due to “aging infrastructures currently used by” Laclede Gas Company (“Laclede”).<sup>1</sup> SLNGP has alleged that facilities owned and operated by MRT – specifically, MRT’s East Line – have experienced “infrastructure deficiencies and limitations.”<sup>2</sup> SLNGP has alleged that “numerous” individuals have indicated that MRT’s East Line “had leakage problems,” adding that there were “multiple

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<sup>1</sup> Complaint at ¶ 19d.

<sup>2</sup> St. Louis Natural Gas Pipeline LLC’s Response to Laclede Gas Company’s Motion to Dismiss at 8.

occasions” where “multiple landowners were required to vacate their homes for 24 hours as a result of leakage events.”<sup>3</sup>

SLNGP has also attempted to compare its proposed rates with those of MRT’s. SLNGP alleges that it will provide significant savings, characterizing MRT’s rate at \$0.20 per MMBTU.<sup>4</sup>

Given the serious, and unfortunately specious, nature of the allegations relating to the East Line, and the flat out wrong statements about MRT’s rates, MRT files these comments to clarify the record.

### **The MRT East Line Has Complied With All Federal Pipeline Safety Requirements**

As an initial matter, the “alternative infrastructure” proposed to be offered by SLNGP is limited. Both the proposed SLNGP line and MRT’s existing East Line connect to the NGPL in Illinois. Thus, the infrastructure upstream of both lines would be the same.

More to the point, MRT takes seriously its responsibilities to maintain the integrity of its lines, as it is required to do under federal law. Pursuant to federal pipeline safety and integrity regulations, MRT’s East Line is regularly monitored, tested and maintained. The line is patrolled and inspected at least once every year, and sometimes quarterly.<sup>5</sup> Some of the patrols are conducted with leak detection equipment.<sup>6</sup> The line is cathodically protected to help prevent corrosion and the cathodic protection system is inspected annually.<sup>7</sup> At no time has MRT’s East Line been cited for a failure to meet federal pipeline safety requirements.<sup>8</sup> Contrary to SLNGP’s

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<sup>3</sup> *Id.* at 8 n. 8.

<sup>4</sup> Response in Opposition to Laclede’s Motion to Dismiss the Complaint at 8.

<sup>5</sup> See Affidavit of Robert A. Trost at ¶ 3. Mr. Trost is Division Vice President Marketing for MRT. His affidavit is attached hereto as Exhibit A.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at ¶ 4.

unsupported and basically anonymously sourced allegations, for the last twenty years, the MRT East Line has experienced only one release of gas and that was caused by a third party hitting the line. During this time, the MRT East Line has *never* experienced *any* releases of gas that required people living near the line to vacate their homes.<sup>9</sup>

SLNGP's resort to alleged statements purportedly made at SLNGP's January 27, 2011 "open house" is suspect. For example, SLNGP's own minutes from the "open house" fail to include any statement or comment about any problem with any line other than with SLNGP's proposed line.<sup>10</sup> Certainly, if "multiple" persons had reported "multiple occasions" where leakages had forced them out of their homes for over 24 hours – a "fact" that SLNGP relies upon to support its proposal – one would have expected that SLNGP would have included at least some reference to those reports in its minutes.

In fact, there has only been one time in recent memory in which operations on a line near MRT's East Line required anyone to leave nearby residences. But the line involved there was not MRT's East Line; it involved a line operated by another CenterPoint Energy company, CenterPoint Energy – Illinois Gas Transmission Company ("IGT").<sup>11</sup> The IGT line runs generally parallel to the East Line.<sup>12</sup> And that incident did not involve a leak; it dealt with a standard and common method of testing that IGT was going to do. Specifically, on September 15, 2008, CenterPoint personnel analyzed parts of the IGT line using hydrostatic testing. During that test, the line was filled with water and subjected to pressure in excess of the line's maximum allowable operating pressure ("MAOP"). Because the test would cause the line to be subjected

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<sup>9</sup> *Id.*

<sup>10</sup> Exhibit B, attached hereto, is a copy of the minutes of the January 27, 2011 "open house."

<sup>11</sup> Affidavit of Robert A. Trost at ¶ 5.

<sup>12</sup> *Id.*

to conditions in excess of the MAOP, as a safety precaution, IGT advised nearby residents to leave the area of the line during the time of the test (approximately 10 hours.) Notably, at no time during the test was any gas released into the atmosphere as the result of any leaks or defects in the line.

Pipeline safety is a serious matter. It should not be the subject of irresponsible allegation and innuendo. MRT trusts that these comments will correct the record in light of SLNGP's misstatements about the nature of MRT's East Line.

### **SLNGP Overstates MRT's Rates By Almost a Factor of Three**

SLNGP is also wrong when it attempts to compare MRT's rates to SLNGP's rates. According to SLNGP, MRT's rate for service on the East Line is \$0.20 per MMBTU. Actually, the rate is slightly over a third of that, \$0.0715 per MMBTU.<sup>13</sup>

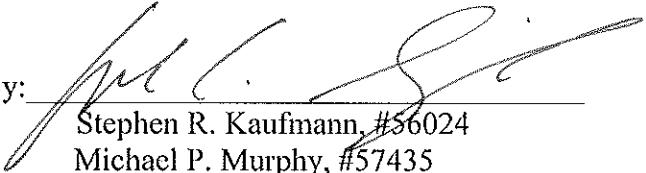
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<sup>13</sup> *Id.* at ¶¶ 8,9 & Exhibit RT-2.

Dated: **June 6, 2011**

Respectfully submitted,

HeplerBroom, LLC

By: 

Stephen R. Kaufmann, #56024

Michael P. Murphy, #57435

Andrew C. Speciale, #58574

800 Market Street, Suite 2300

St. Louis, MO 63102

Phone: (314) 241-6160

Fax: (314) 241-6116

[srk@heplerbroom.com](mailto:srk@heplerbroom.com)

[mpm@heplerbroom.com](mailto:mpm@heplerbroom.com)

[acs@heplerbroom.com](mailto:acs@heplerbroom.com)

Attorneys for CenterPoint Energy - Mississippi  
River Transmission, LLC

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

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**COMMENTS OF CENTERPOINT ENERGY –  
MISSISSIPPI RIVER TRANSMISSION, LLC**

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Exhibit A

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

<b>St. Louis Natural Gas Pipeline LLC,</b>	)	
	)	
<b>Complainant,</b>	)	
	)	
<b>v.</b>	)	<b>Case No. GC-2011-0294</b>
	)	
<b>Laclede Gas Company,</b>	)	
	)	
<b>Respondent.</b>	)	

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**AFFIDAVIT OF  
ROBERT A. TROST**

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STATE OF MISSOURI    )  
  ) SS:  
COUNTY OF ST. LOUIS    )

ROBERT A. TROST, being first duly sworn, states:

1. I am Division Vice President Marketing for CenterPoint Energy – Mississippi River Transmission LLC (“MRT”). In this position, I am responsible, among other things, for Marketing and System Control for MRT in St. Louis. As such, I have an understanding of the operations of MRT’s facilities, especially as it deals with effects on customers. I am also familiar with MRT’s rates. I provide this affidavit to respond to certain statements made by St. Louis Natural Gas Pipeline LCC (“SLNGP”), particularly as they concern: (a) the physical integrity of the MRT East Line; and (b) MRT’s rates.

2. MRT's East Line spans approximately 90 miles. For the most part, it is an 18 inch diameter pipe (some parts of the line are 12 inch pipe). It is an interstate pipeline, transporting natural gas from interconnects with Natural Gas Pipeline Company of America ("NGPL") and Trunkline Gas Co in Clinton and Clay Counties, Illinois, respectively to the St. Louis area, and particularly to the Laclede Gas Company system.

3. As an interstate pipeline, the East Line is subject to federal safety and pipeline integrity requirements. Accordingly, the line undergoes a series of inspections every year. Depending on the location, the line is patrolled at least once annually and in some instances every quarter. Some of these patrols also are performed with leak detection equipment. The line is cathodically protected to prevent against the effects of corrosion. The cathodic protection system is inspected once every year.

4. The East Line has complied with all applicable federal safety requirements. For over the last twenty years, the East Line has experienced only one release of gas and that release was caused by a third party hitting the line. During this time, the East Line has never experienced any releases of gas that required people living near the line to vacate their homes.

5. There has only been one time in recent memory in which operations on a line near MRT's East Line required anyone to leave nearby residences. But the line involved there was not MRT's East Line; it involved a line operated by another CenterPoint Energy company – CenterPoint Energy – Illinois Gas Transmission Company ("IGT"). The IGT line runs generally parallel to the East Line. The incident on the IGT line did not involve a leak; it dealt with testing that IGT was going to do. Specifically, on September 15, 2008, IGT analyzed parts of the line using hydrostatic testing. During that test, the line was filled with water and subjected to pressure in excess of the lines maximum allowable operating pressure ("MAOP"). Because the



test would cause the line to be subjected to conditions in excess of the MAOP, as a safety precaution, IGT warned nearby residents to leave the area of the line during the time of the test (approximately 10 hours). Notably, at no time during the test was any gas released into the atmosphere as the result of any leaks or defects in the line. 6. On page 8 of its May 12, 2011 Response in Opposition to Laclede's Motion to Dismiss the Complaint, SLNGP stated that MRT's tariff rate for firm transportation service from NGPL to Laclede in St. Louis using MRT's East Line is \$0.20 per MMBtu. This statement is incorrect.

7. Transportation on the East Line from NGPL to Laclede is a Market Zone only transaction, as that term is defined in MRT's F.E.R.C. Gas Tariff, on file with the Federal Energy Regulatory Commission. On Original Sheet No. 7 of MRT's tariff, which is also publicly available on MRT's web site, among other places, the 100% load factor rate for Market Zone only service is set out on the Authorized Overrun line. The maximum 100% load factor rate for market zone only service is \$.0715 per MMBtu, not \$.20 per MMBtu. MRT's rates are stated on the basis of Dths, but a Dth and an MMBtu essentially are equivalent measures of energy.

8. Alternatively, the maximum 100% load factor rate for Market Zone only service may be calculated by dividing the maximum reservation rate of \$2.0151 shown on Original Sheet No. 7 by the average number of days in a month (30.4). The resulting rate is \$.0663, to which is added the usage rate of \$.0033 and the FERC annual charge adjustment (Sec. 19 rate) of \$.0019 to again reach the maximum 100% load factor rate for Market Zone only service of \$.0715 per MMBtu.

9. A copy of Original Sheet No. 7 of MRT's tariff is attached as Exhibit RT-1.

Robert A Trost  
ROBERT A. TROST

Sworn to and subscribed in my presence by ROBERT A. TROST on this sixth day of  
June, 2011.

Susan L Tarrant  
Notary Public



SUSAN TARRANT  
My Commission Expires  
October 23, 2014  
St. Charles County  
Commission #10957169

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**COMMENTS OF CENTERPOINT ENERGY –  
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Exhibit B

**Proposed Natural Gas Pipeline  
Public Meeting  
Meeting Minutes  
January 27, 2011 from 5:00 pm to 7:00 pm**

**Owner:** St. Louis Natural Gas Pipeline Company

**Location:** Pontoon Beach Village Hall  
#1 Regency Parkway  
Pontoon Beach, Illinois 62040

**Purpose:** The purpose of this meeting was to present the project to the general public and in particular to property owners that would be directly affected by the proposed project.

**Presenter:** Mr. Chris Allen, Pipeline Project Manager for St. Louis Natural Gas Pipeline Company, Member of Northshore Partners, LLC

Also in attendance as technical representatives were:

- Volkert & Associates, Right-of-Way Agents – Ron Auld, Mike Evans and Dan Turner
- Juneau & Associates, Survey and Title Work – Phil Huskey
- CDG Engineers, Permits and Environmental – Mark Birchler

**General Format of Meeting**

A sign-in sheet was provided at the meeting. A copy of the sign-in sheet is attached to this document. Approximately 48 people registered; however, there were thought to be approximately 60 people in attendance.

The meeting date was posted in the *Belleville News Democrat* and the *Edwardsville Intelligencer*.

A postcard was sent to affected property owners and the following agencies. Attached to this document is a copy of the postcard.

A 7-page, 8-1/2 x 11 handout was provided to all visitors. The handout generally explained the following:

- the project overview
- the project development team
- the completed "due diligence" feasibility studies
- the project timeline
- outline of the pipeline's value proposition
- contact information

A drawing of the pipeline route from St. Louis to Glen Carbon was also provided.

The Village of Pontoon Beach Trustee meeting room was used for the meeting place. The room was arranged with a series of tables and easels. A strip map showing the entire route of the project and affected property owners was exhibited on the table. Another set of drawings showing the proposed route was also provided on easels. Visitors to the meeting were invited to sign in and were provided a copy of the project overview and the routing map for their reference.

From 5:00 p.m. to 5:30 p.m. and open-house format was provided where the public generally viewed the strip maps and asked questions of Mr. Allen and the associated technical team. At approximately 5:30 p.m., Mr. Allen provided a brief presentation concerning the project. The subjects presented in Mr. Allen's presentation are shown in the attached 7-page handout. The presentation ended at approximately 6:00 p.m. At that time, Mr. Allen opened the meeting to questions and answers.

The following questions were asked of Mr. Allen:

1. There are several fault lines in this immediate area. Will the pipeline be over any fault lines and will this present any type of engineering challenge for safety?

*Mr. Allen responded that he was not aware of any fault lines that the proposed pipeline would cross. However, this had not yet been investigated. It was further stated that the pipeline would be constructed of welded steel pipe which is designed to withstand the type of forces that would occur during the shifting of a fault line. The presence of fault lines will be investigated as part of the design effort.*

2. What would be the impact upon the community's homes and what is the benefit for the people in the immediate area?

*Mr. Allen responded that it is proposed to purchase a minimum number of homes. The majority of the pipeline routing has been planned through farmland. Therefore, the direct effect on homes will be minimal. The second part of the question was answered as follows: the benefit to the community is to help strengthen the economy. The additional gas supply that will be provided by the pipeline will benefit future industry with supply basin diversity and will also be a good economic development tool for the region.*

3. One of the homeowners whose home is proposed to be purchased asked why did the gas line have to come through her house and why is it being proposed to only pay her fair market value price for the house?

*Mr. Allen responded that the routing that is shown tonight is a preliminary routing and the current plans reflect the most economical and least disruptive route generally through the neighborhood. Ron Auld of Volkert & Associates then commented that a preliminary offer was made to this individual. The preliminary offer was at market rate. Mr. Auld invited the questioner to please respond with a counteroffer and any additional value information about the property. Mr. Allen then responded that his efforts would be to pay a fair and equitable price for this home and any other impacted property.*

4. Does the project have the right of eminent domain?

*Mr. Allen stated that projects of this nature have the right of eminent domain. It is not the intent to utilize the right of eminent domain.*

5. Will the pipeline affect farm property and the ability to farm the land after placement of the pipe?

*Mr. Allen stated that pipelines thru farmland are placed at a depth of which would not interfere with agricultural tillage practices and generally has no effect upon the ability to farm the land. In addition to restoring the surface crop damage, settlements will be provided to property owners.*

6. Helen Hawkins, Madison County Board Member commented she was relieved to hear that eminent domain was not anticipated to be used on this project. She further commented that she has a concern about the stability of the levee systems and in particular what affects the pipeline would have on these levees.

*Mr. Allen stated that there was a series of permits that needed to be acquired before a pipeline could be constructed under a levee. Mark Birchler of CDG Engineers further stated that a very lengthy procedure was used to permit the construction of a pipeline under a levee and this involved consultations with individual levee boards and the U.S. Army Corps of Engineers. Meeting with Madison County will be arranged in the near future.*

7. How big is the easement that is being sought?

*Mr. Allen stated that there is a 50-foot wide permanent easement and a 60-foot wide temporary construction easement.*

8. How will this project affect the value of the individual properties, in particular residential property?

*Mr. Allen responded that permanent utility pipeline easements have very little historical impact upon market value. Homeowners will be compensated for a permanent and temporary construction easement. Mr. Auld added that his analysis of home sales in the area impacted by utility or pipeline easements, were not significantly disconnected in the market.*

9. How safe is the pipeline? Could it explode?

*Mr. Allen responded that in California PG&E recently had an explosion with a very old section of pipeline. This project will use new U.S. manufactured pipe (by Stupp Brothers, Inc.).*

10. How much leakage occurs in a pipeline and is it safe to be close to?

*Mr. Allen responded that under normal operating conditions a natural gas pipeline is not going to leak, particularly new pipe, such as what will be used on this project. In addition, the integrity of the pipeline will be managed thru routine maintenance.*

11. A possibly affected property owner inquired "how close will you get to my house?"

*Mr. Allen stated that this will be handled on a case by case basis. Zoning, set back requirements and permitting regulations will be followed.*

12. Homeowners along Morrison Road were concerned about the location of the pipeline and an individual homeowner in that area inquired if it was planned to run the pipeline through the back lots of these homes.

*Mr. Allen stated that the pipeline corridor would not impact any of the backyards of homes along Morrison Road east of Maryville Road.*

13. Will the gas be compressed?

*Mr. Allen responded that compression will be installed at the NGPL meter station in Glen Carbon, Illinois.*

Individual one on one meetings were then held with concerned individuals and Mr. Allen, Volkert & Associates, Juneau & Associates and CDG Engineers. Individual meetings lasted around twenty minutes.

The meeting concluded around 7:30 p.m.

**END**

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Exhibit RT-1



CURRENTLY EFFECTIVE RATES  
 FIRM TRANSPORTATION SERVICE  
 Rates Per Dth

	<u>Base Rate</u>	<u>Sec. 21</u>	<u>Maximum Rate</u>	<u>Minimum Rate</u>	<u>Fuel Use</u>	<u>LUFG</u>
<u>RATE SCHEDULE FTS</u>						
For Transportation Between:						
Field Zone and Market Zone						
- Reservation Charge	\$4.2096	-	\$4.2096	-	-	
- Usage Charge	\$ .0048	\$ .0019	\$ .0067	\$ .0067	1.03%	0.58%
- Authorized Overrun	\$ .1432	\$ .0019	\$ .1451	\$ .0067	1.03%	0.58%
Field Zone Only						
- Reservation Charge	\$2.1945	-	\$2.1945	-	-	
- Usage Charge	\$ .0015	\$ .0019	\$ .0034	\$ .0034	0.43%	0.58%
- Authorized Overrun	\$ .0736	\$ .0019	\$ .0755	\$ .0034	0.43%	0.58%
Market Zone Only						
- Reservation Charge	\$2.0151	-	\$2.0151	-	-	
- Usage Charge	\$ .0033	\$ .0019	\$ .0052	\$ .0052	0.60%	0.58%
- Authorized Overrun	\$ .0696	\$ .0019	\$ .0715	\$ .0052	0.60%	0.58%

Notes are shown on Sheet No. 19.