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April 20, 2001

Mr. Dale Hardy Roberts
Executive Secretary
Public Service Commission
Governor State Office Building
Jefferson City, MO

HAND DELIVERY

RE: Application of Missouri Public Service for
Permanent Waiver or Variance

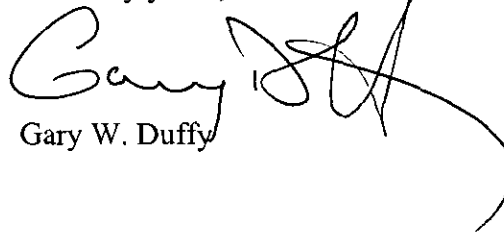
FILED²
APR 20 2001
Missouri Public
Service Commission
GE-2601-586

Dear Mr. Roberts:

Enclosed for filing in the above-referenced proceeding please find an original and eight copies of an "Application for Permanent Waiver or Variance" from certain gas safety regulations of the Commission.

If you have any questions, please give me a call.

Sincerely yours,


Gary W. Duffy

Enclosures
cc w/encl:

Office of Public Counsel
Office of the General Counsel
Lisa Ulrich

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

FILED²
APR 20 2001
Missouri Public
Service Commission

In the matter of the Application of)
Missouri Public Service for a Permanent)
Waiver from certain provisions of)
4 CSR 240-40.030(11)(B)5. and)
4 CSR 240-40.030(12)(M)1.B. for a)
pipeline segment near Nevada, Missouri.)

Case No. E-2001- 586

APPLICATION FOR PERMANENT WAIVER OR VARIANCE

COMES NOW Missouri Public Service, a division of UtiliCorp United Inc., pursuant to 4 CSR 240-2.060(1) and (14), 4 CSR 240-40.030(16) and 49 U.S.C. § 60118(d), by and through its counsel, and for its Application for Permanent Waiver or Variance states as follows:

1. UtiliCorp is a Delaware corporation, with its principal office and place of business at 20 W. Ninth Street, Kansas City, Missouri 64138. UtiliCorp is authorized to conduct business in Missouri through its Missouri Public Service ("MPS") operating division and, as such, is engaged in providing electrical and natural gas utility service in Missouri to customers in its service areas. UtiliCorp is an "electrical corporation," a "gas corporation" and a "public utility" as those terms are defined in Section 386.020, RSMo. 2000, and is subject to the jurisdiction and supervision of the Commission as provided by law. UtiliCorp also has regulated energy operations in seven (7) other states and in New Zealand, Australia and Canada. UtiliCorp has no pending or final judgments or decisions against it from any state or federal agency or court which involve customer service or rates within the three (3) years immediately preceding the filing of this Application. UtiliCorp has no overdue Commission annual reports or assessment fees. UtiliCorp's documents of incorporation have been previously filed with the Commission in its

Case No. EM-87-6 and said documents are incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G). A Certificate of Authority from the Missouri Secretary of State to the effect that UtiliCorp, a foreign corporation, is duly authorized to do business in the State of Missouri was filed with the Commission in Case No. GR-2001-497 on March 20, 2001 and is incorporated here by reference. A copy of UtiliCorp's fictitious name registration for "Missouri Public Service" as filed with the Missouri Secretary of State was contained in Appendix 2 to the application filed in Case No. EM-2000-292 on October 19, 1999, and is incorporated here by reference.

2. Correspondence, communications and orders of the Commission in regard to this Application should be addressed to:

Lisa M. Ulrich, Associate Engineer
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Missouri Public Service
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3. This application requests a permanent waiver or variance from a provision of the Commission's regulations regarding the pressure testing of gas pipelines due to a unique set of circumstances. This application is identical in scope to an application filed on May 12, 1998, in Case No. GO-98-508. In that case, the Staff filed a recommendation that the permanent waiver sought by MPS be granted. It placed no time limit on the waiver in its recommendation. The

Commission, however, in its "Order Granting Waiver" issued on July 22, 1998, only granted the waiver for a three year period from September 25, 1998. The Commission said

If MGE (sic) wants to continue to operate the line at 175 psig after the three year period, it may apply for another waiver. At that point, the Commission will be able to evaluate the operating history of the line and determine whether to grant the waiver for an additional period, or even grant it permanently.

The pending expiration of the existing "three year" waiver compels MPS to again seek a permanent waiver or variance, and thus compels this application.

4. By way of background, MPS has a steel pipeline approximately 16 miles in length between the point where MPS interconnects with Williams Gas Pipelines Central, Inc. ("Williams") and the City of Nevada, Missouri. This line is the only source of natural gas supply for the City of Nevada, Missouri. Approximately 13 miles of the 16 miles ("Line Segment A") is presently rated with a Maximum Allowable Operating Pressure ("MAOP") of 175 pounds per square inch gauge ("psig"). Approximately three miles of the line ("Line Segment B") currently has an MAOP of 175 psig pursuant to the three-year waiver granted in Case No. GO-98-508. There is a graphic depiction of this in the attached **Exhibit A**. Due to increasing customer loads in the City of Nevada, it is necessary to permanently increase the operating pressure on Line Segment B to 175 psig.

5. In its filing in Case No. GO-98-508, MPS recounted how the prescribed methods of "uprating" Line Segment B to 175 psig presented practical problems. Essentially, the required procedure would call for Line Segment B to be increased in pressure to 262.5 psig (one and a half times 175 psig) in order to qualify the MAOP at 175 instead of the 118 psig it was rated at prior to the waiver granted in Case No. GO-98-508. MPS recounted several problems with such a test.

6. In this filing, MPS requests that the Commission make permanent the temporary waiver it has previously granted, by granting a permanent waiver to MPS from the provisions of 4 CSR 240-40.030(11)(B)5., which refers to subparagraph 4 CSR 240-40.030(12)(M)1.B. These provisions are also contained in the federal gas safety rules at 49 CFR 192.619(a)(2)ii. The granting of such waiver is authorized under 4 CSR 240-40.030(16) and 49 U.S.C. § 60118(d). The granting of a waiver in this instance will not be inconsistent with gas pipeline safety. In the absence of a waiver, application of the regulations would require MPS to uprate the steel pipeline using the uprating procedures contained in paragraph (11)(B)5. of 4 CSR 240-40.030 and establish a new MAOP for the shorter pipeline segment by dividing the test pressure during uprating by the appropriate factors contained in subparagraph (12)(M)1.B of the same rule. Compliance with the rule would therefore require increasing the pressure on Line Segment B to 262.5 psig. With the grant of the permanent waiver, however, the MAOP could be maintained at 175 psig without exceeding that pressure in the testing procedure.

7. As recounted in the previous application, MPS has reviewed various alternatives by which Line Segment B could be uprated under the rules. These include:

A. Utilizing Williams' pressure to uprate Line Segment "B". The problem with this alternative is that Line Segment A has a MAOP of 175 psig established under other regulations in an historical period. As a result, the 13 miles of Line Segment A can not be pressurized above 175 psig, unless it is individually uprated. Such a procedure would take extensive and costly preparation or require replacement of the line itself. MPS cannot justify the cost to uprate this 13 miles at this time.

B. Take Line Segment B Out of Service. The significant problem with this alternative is that this is the only feed and thus would disrupt service to the entire City of Nevada

C. Use Liquefied Natural Gas (LNG) and take Line Segment B Out of Service. The problem is the risk of this process in a populated area.

D. Use a Compressor to Obtain Test Pressure. The problem is the absence of necessary equipment. An attempt to compress the line was made on April 22, 1998, by the combined efforts of Williams and MPS by means of a compressor owned by Williams. Although the compressor was capable of producing high enough pressure, it was not capable of supporting the volume passing through the line which was being used by the city.

E. Request a Waiver on the One and a Half Times Requirement. This alternative would assure that Line Segment B is capable of an MAOP of 175 psig by actually testing the line at 175 psig. This would not jeopardize safety and would not involve all of the risks and consequences in the other alternatives listed.

8. Under the three-year waiver granted in Case No. GO-98-508, MPS has in fact been operating Line Segment B at an MAOP of 175 psig. Due to the comparative advantages of the last alternative, MPS requests a permanent waiver of the requirement to test Line Segment B to one and a half times the anticipated MAOP. Safety will not be jeopardized by the granting of this waiver. The operating pressure of 175 psig produces an actual hoop stress equal to six percent (6%) of Specified Minimum Yield Strength, which is far from the thirty percent (30%) range of the rule.

9. As a further condition to the grant of the permanent waiver, MPS would agree to continue the additional leak surveys it agreed to in Case No. GO-98-508 to assure safe operation of the line. The leak survey interval is now every year instead of every three years. Pursuant to the Order Granting Waiver in Case No. GO-98-508, MPS has conducted annual leak surveys on the line. These were conducted on February 9, 1999, March 6, 2000, and March 28, 2001. No

leaks were detected.

10. As also represented in Case No. GO-98-508, odorant checks will continue to be made on a monthly basis and the line will continue to be patrolled at intervals not exceeding fifteen months but at least once each calendar year, in accordance with current requirements. The existing pressure regulator between Line Segments A and B was eliminated to obtain the 175 psig.

11. As further evidence of the safety of this approach, Line Segment B was successfully operated at 175 psig on September 9, 1997, in an uprating procedure yielding an MAOP of 118 psig. In accordance with 4 CSR 240-40.030(11)(B)5. and (11)(C), the system pressure was raised from the prior MAOP of 60 psig to 175 psig in four equal steps, with each step followed by a leak survey with no leakage found. In addition, Line Segment B has operated safely at 175 psig since the granting of the three-year waiver in Case No. GO-98-508.

12. MPS respectfully requests that if the Commission approves the permanent waiver from 49 CFR 192.619(a)(2)ii, as adopted in Missouri through 4 CSR 240-40.030(11)(B)5 which refers to 4 CSR 240-40.030(12)(M)1.B., that it be forwarded to the U.S. Department of Transportation - Office of Pipeline Safety (OPS) in a manner that will give OPS written notice 60 days prior to the effective date of the Commission order. This would comply the provisions of 49 U.S.C. § 60118(d).

WHEREFORE, MPS requests a permanent waiver from 49 CFR 192.619(a)(2)ii, as adopted in Missouri through the provisions of 4 CSR 240-40.030(11)(B)5. which refers to 4 CSR 240-40.030(12)(M)1.B. with regard to the uprating procedure on the approximately three mile segment identified herein as Line Segment B and that, due to the requirement of a 60 day time period in 49 U.S.C. § 60118, the Commission act in a fashion to approve this waiver sufficiently

in advance of the expiration of the existing waiver on September 25, 2001, so that the existing waiver does not expire.

Respectfully submitted,

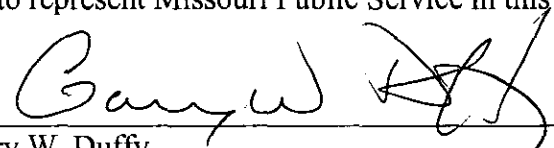


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Attorneys for Missouri Public Service

STATE OF MISSOURI)
)ss
COUNTY OF COLE)

VERIFICATION

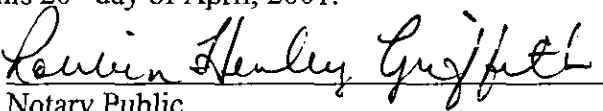
The undersigned, being duly sworn, states upon his oath that the statements in the foregoing application are true and correct to the best of his understanding, knowledge and belief, and that the designated attorneys are authorized to represent Missouri Public Service in this proceeding.



Gary W. Duffy



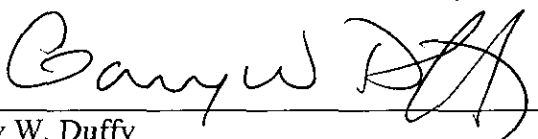
sworn to before me this 20th day of April, 2001.



Notary Public

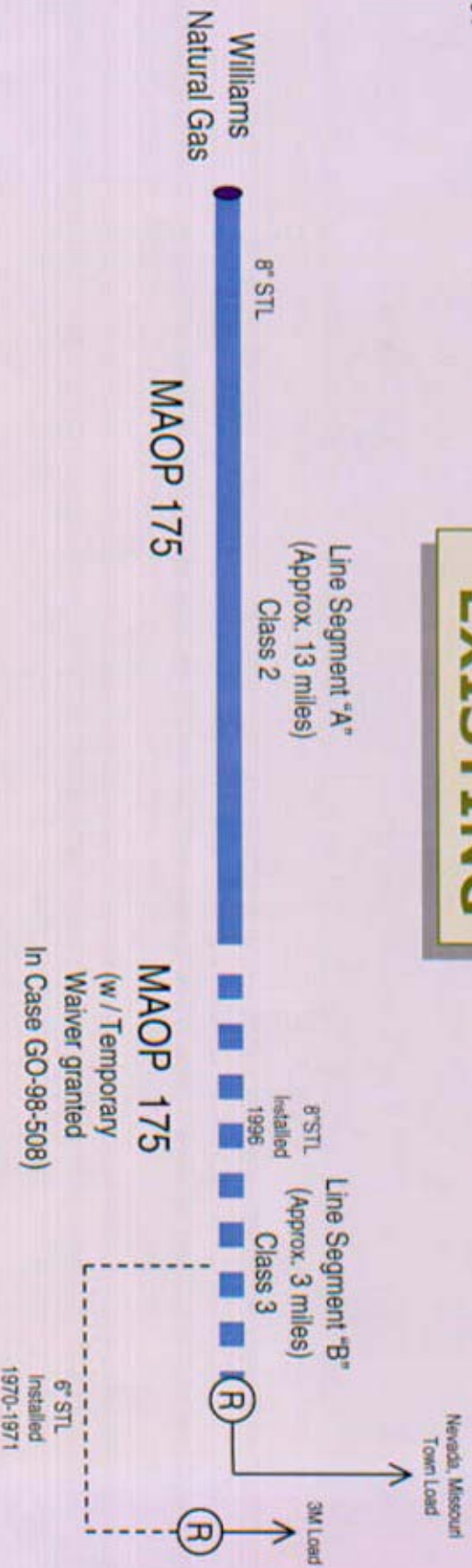
CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing was hand delivered to the Office of the Public Counsel and the Office of the General Counsel this 20th day of April, 2001.






Gary W. Duffy

EXISTING



PROPOSED

Line Segment "A" & "B" Joined MAOP 175

-  175 psig MAOP
-  175 psig MAOP w/T emp Waiver
-  175 psig MAOP w/T emp Waiver

