

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Missouri Gas Energy's)	
Application for a Determination of Certain)	
Matters Pertaining to its Safety Line)	Case No. GO-2002-48
Replacement Program.)	

STAFF RECOMMENDATION

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") in the above-captioned matter and respectfully states as follows:

1. On September 16, 2005, Missouri Gas Energy, a division of Southern Union Company, ("MGE" or "Company") filed with the Commission an Application to amend the Company's Safety Line Replacement Program ("SLRP") as it pertains to maintenance and replacement of service lines and mains associated with master meter trailer parks. In particular, MGE seeks permission to change the current Commission-ordered requirement¹ that it complete by June 30, 2006, line replacements in the following two master meter trailer parks:

- a) Finley River Mobile Home Park, Brick 5th Street and Church, Ozark, Missouri; and
- b) Heistland Mobile Home Park, Route 6, Box 150, Joplin, Missouri.

2. MGE requests that the June 30, 2006 line replacement deadline for these sites be extended to June 30, 2010. The Company further proposes that during the interim period, the frequency of leak surveying at these sites be increased from the current one time per year to at least every six months.

2. As stated in the attached Memorandum (Appendix A), the Staff has reviewed the Application and visited the two trailer parks, and has concluded: a) that the Company's request for an amendment to the current SLRP to allow deferral, until June 30, 2010, of line replacement

¹ See *Order Approving Amended Application*, issued May 16, 2002.

at these two sites should be granted; b) that the trailer park owners and residents should be given written notice of the amendment in a manner similar to the original notification for the SLRP in this proceeding; and c) that MGE's proposed doubling of the frequency of leak surveying of the affected sites should be implemented, with some refinements.

WHEREFORE, the Staff recommends that the Commission issue an Order approving MGE's Application for an amendment to its Safety Line Replacement Program, directing MGE to provide proper written notification of owners and residents of the affected trailer parks, and ordering that MGE adopt, for the interim period, the bi-annual leak survey regimen as specified in the attached Memorandum.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/ Dennis L. Frey

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or e-mailed to all counsel of record this 14th day of October 2005.

/s/ Dennis L. Frey

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GO-2002-48, Missouri Gas Energy

FROM: Michael E. Taylor, Energy Department--Safety/Engineering

<u>/s/ Michael E. Taylor</u> 10/14/05 Project Coordinator / Date	<u>/s/ Dennis L. Frey</u> 10/14/05 General Counsel's Office / Date
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SUBJECT: Staff Recommendation for Approval of the Application to Amend Safety Line Replacement Program

DATE: October 14, 2005

On September 16, 2005, Missouri Gas Energy (MGE), a division of Southern Union Company filed an Application to Amend Safety Line Replacement Program (Application) seeking to amend its approved Safety Line Replacement Program (SLRP) with respect to two specific geographic locations. MGE's SLRP was undertaken pursuant to Commission rules. A number of Commission cases (e.g., Case Nos. GO-91-277, GO-91-239, GO-91-295, GO-99-302, GO-2002-48, and GO-2002-50) have administered the details of the SLRP.

The SLRP administered through Case No. GO-2002-48 addressed two specific items. The first item was maintenance and replacement of farm tap service lines. The second item was maintenance and replacement of service lines and mains associated with master meter trailer parks. This Application specifically relates to the second item (master meter trailer parks). The deadline for completion of the replacements in master meter trailer parks was established as June 30, 2006. Sixteen (16) master meter trailer parks were originally included in the scope of the SLRP.

MGE is proposing to defer replacement activities at two locations for four (4) years beyond the original deadline date (defer from June 30, 2006 until June 30, 2010). The two locations are: Finley River Mobile Home Park, Brick 5th Street and Church Street, Ozark, Missouri and Heistland Mobile Home Park, Route 6, Box 150, Joplin, Missouri. Each of these locations has a unique set of circumstances. The Finley River Mobile Home Park is located in a blighted area (as established by the City of Ozark). The City has established a redevelopment plan for the area and the Mobile Home Park is designated as a non-conforming use which cannot be altered or expanded without a building permit from the city. The city has recommended to MGE that no upgrades be made at this location. The Heistland Mobile Home Park is currently in a state of decline and a large portion of the park property consists of vacant lots. The existing mobile homes are in various states of disrepair and three (3) of the fourteen (14) occupied lots are not connected to the natural gas system.

In its Application, MGE proposes to increase the frequency of leak surveys in these two locations. In nominal terms, the locations are currently being leak surveyed annually, with actual intervals between surveys not to exceed 15 months. MGE has proposed leak surveys no less

frequently than every six (6) months. MGE also states that the current method of leak repair will continue. Under the current method, if a hazardous leak is found, MGE repairs the leak and bills the property owner; where a non-hazardous leak is found, MGE notifies the property owner, who then contracts with a qualified entity to perform the necessary repair.

The Staff has toured the two mobile home parks on a drive-through inspection. The Staff's observations are consistent with the information provided by MGE in the Application. At the Finley River Mobile Home Park, most lots are occupied by mobile homes; however, many of the mobile homes appear to be vacant and only marginally habitable. At the Heistland Mobile Home Park, the majority of the lots are vacant, while most of the mobile homes that are present appear to be occupied. The net result is similar for both parks; namely, a low occupancy rate (based on the number of actual residents) for the existing size of the mobile home park. Based on the inspection of the park facilities at these two locations, the parks do not appear to have long-term viability.

The Staff recommends that the Application be approved as submitted. While it is possible that the two mobile home parks will remain open for the deferral period, this scenario does not appear likely. In any event, increasing the frequency for leak surveys will provide the necessary level of safety for both mobile home parks in the interim. If the Commission approves the requested amendment, the affected trailer park owners and residents should be notified (in writing) of this amendment, in a manner similar to the original notification for the SLRP (Case No. GO-2002-48). Finally, if the Commission approves the amendment, Staff recommends that MGE be ordered to establish the following leak survey regimen: During the period from July 1, 2006 through June 30, 2010; for each of the two trailer park locations mentioned above, leak surveys shall be performed at intervals not exceeding seven and one-half (7-1/2) months, but at least twice each calendar year. Furthermore in the period July 1, 2006 through December 31, 2006 and in the period January 1, 2010 through June 30, 2010, one leak survey shall be performed at each location; while maintaining the required 7-1/2 month interval.

The Staff has verified that the Company has filed its Annual Report and is not delinquent on any assessment. In addition to the case associated with this recommendation, the following cases involving this Company are open at this time:

AX-2005-0364	GR-2005-0104	GW-2006-0110
GR-2001-382	GR-2005-0169	GX-2004-0090
GR-2003-0330	GC-2006-0066	

The Staff has reviewed the open cases and is not aware of any issues that would be affected by this filing.