

**STAFF'S RECOMMENDATION
IN RESPONSE TO MGE'S MAY 27, 2008 MOTION FOR EXTENSION**

**Case No. GO-2002-48
June 5, 2007**

BACKGROUND

On December 22, 2005 the Commission issued an order in this case deferring until June 30, 2008 the replacements of mains and service lines in two mobile home parks (Finley River Mobile Home Park and Heistland/Malang Mobile Home Park). MGE was to conduct semi-annual leak surveys in the mobile home parks, file annual reports with the Commission detailing the leak survey results, as well as keep the Commission apprised concerning the disposition of the operation of the two mobile home parks. Prior to January 30, 2006, the customers and owners of record of both mobile home parks were notified by MGE of the Commission's order allowing an extension of time to replace the mains and service lines. Subsequently, the Finley River Mobile Home Park ceased operation and MGE abandoned its facilities in September 2006; however, the Heistland/Malang Park continues to exist. The *MOTION FOR EXTENSION* therefore addresses only the Heistland/Malang Mobile Home Park.

REQUEST SUMMARY

MGE's *MOTION FOR EXTENSION*, filed on May 27, 2008, requests an extension of time until June 30, 2010, to be required to repipe the Heistland/Malang Mobile Home Park. MGE will continue to monitor the situation at the mobile home park (both continued operation of the park itself and safety investigations). Currently only 8 of the 35 natural gas meter "risers" in the mobile home park are active. The mobile home park was recently sold (January 2008) and at that time the current owner apparently was not made aware of the possible elimination of customer-owned piping in the mobile home park or the owner's financial contribution that would be required for the repiping.

MGE contacted the new owner and explained the situation. MGE was told that the new owner does not intend to continue operation of the mobile home park. He has the property up for sale as a site for commercial development. The cost to repipe the mobile

home park is estimated by MGE to be \$30,000 (Company's portion) with an \$8,000 contribution from the owner. (This estimate is based on MGE's Tariffs for the amount of main and length of service line allowed at no cost for each customer for a new installation.) Since the owner does not intend to continue operation of the property as a mobile home park, the expenditure of \$30,000 by MGE and \$8,000 by the owner would not be good use of resources by either party. MGE states that it has not found leaks during the 3 most recent leak surveys conducted from March 2007 to February 2008. Finally, if granted the extension of time to determine if the park will continue in operation, MGE would continue leak surveys twice annually, along with its reports to the Commission, and would promptly notify the Commission if any leaks are detected.

STAFF FINDINGS

The Staff contacted the current owner of the mobile home park, Kevin York, to discuss the situation. He said he bought the property in January 2008, and indicated that there is development planned in the area (a medical facility and a highway by-pass around Joplin) and his intention is to sell the 27 acres for commercial development. Staff asked Mr. York if he would be willing to make the owner contribution, estimated to be \$8,000, for the mobile home park to be repiped. Mr. York told Staff that when he purchased the mobile home park, he was not aware of the discussions to replace the mains and service lines or that a contribution would be required from him for the repiping. He stated that he did not intend to continue operation of the mobile home park and, therefore, did not intend to spend \$8,000 to repipe the mobile home park. He indicated that the property is currently for sale as a tract for commercial development.

MGE personnel indicated that in 2005, it was estimated that the cost to replace the customer-owned mains and service lines in the mobile home park would be \$96,000. Due to the fewer active meters and the more concentrated location of the remaining mobile homes, the estimated cost for the replacements has fallen to about one-third of that amount (the current estimate being \$38,000). The Company does not want to use its resources to repipe the mobile home park at this time since the current owner of the property does not intend to continue operation of the mobile home park.

STAFF RECOMMENDATION

The Staff believes the continued operation of the Hiestland/Malang Mobile Home Park is doubtful and agrees with MGE that, at this time, it would not be wise use of its resources to invest an estimated \$30,000 into a construction project that is currently serving only eight customers and may not be in operation in the near future. Further, the matter of the owner contribution to the cost of the replacements would have to be resolved since the owner has stated that he does not intend to make the required contribution of approximately \$8,000 for the repiping. MGE indicated it will continue to monitor the condition of the mobile home park through the leak surveys and will notify the Commission if any leaks are detected.

Staff recommends the prudent course of action at this time would be for MGE to defer until June 30, 2010, the replacement of the mains and service lines, and instead to continue the current frequency of the leak surveys and reporting, as MGE has requested.

During the deferral period, the Staff will continue to monitor the situation at the Heistland/Malang Mobile Home Park, and if changes are observed that compromise safety, the Staff will bring the information to the Commission's attention for further action. Therefore, the Staff recommends that the Commission grant MGE's request for an extension of time to delay main and service line replacements until June 30, 2010, and order MGE to continue conducting leakage surveys two times annually with annual reports submitted to the Staff. Staff does not believe safety will be compromised by the granting of the extension.

APPENDIX A

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

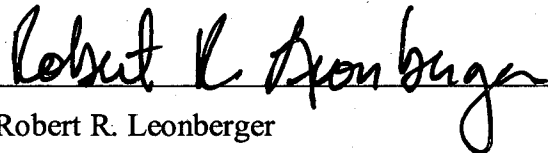
**In the Matter of Missouri Gas Energy's)
Application for a Determination of)
Certain Matters Pertaining to its Safety)
Line Replacement Program.)**

Case No. GO-2002-48

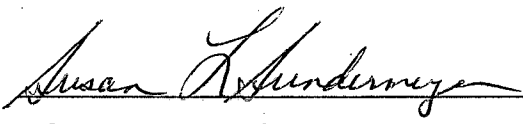
VERIFICATION

**STATE OF MISSOURI)
)
COUNTY OF COLE)**

I, Robert R. Leonberger, Utility Regulatory Engineering Supervisor in the Commission's Energy Department (Gas Safety/Engineering), of lawful age, on oath state: that I participated in the preparation of the Staff Recommendation that is being filed in the above case on June 5, 2008; that information in the Staff Recommendation was given to me by Missouri Gas Energy and the owner of the Heistland/Malang Mobile Home Park (Kevin York); that I have knowledge of the matters set forth in such pleading; and that such matters are true and correct to the best of my knowledge and belief.


Robert R. Leonberger

Subscribed and sworn to before me this 5th day of June, 2008.


NOTARY PUBLIC



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086