

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

In the Matter of an Investigation into the City)	
Of New Florence, Missouri's Compliance with)	<u>File No. GS-2017-0324</u>
The Commission's Rules Regarding Natural)	
Gas Safety Found at 4 CSR 240-40.030)	

PROGRESS REPORT

COMES NOW the Staff of the Missouri Public Service Commission and submits the attached Progress Report in memorandum form (which is incorporated herein by reference) and in support thereof states as follows:

1. The Commission opened this investigation docket on June 28, 2017, in response to a Motion to Open Case filed by Staff on June 6, 2017, in which Staff requested the Commission open an investigation into the City of New Florence's ("City") compliance with the Commission's gas safety rules.

2. In its Order Opening an Investigation, issued June 28, 2017, the Commission ordered Staff to file a progress report regarding its investigation no later than December 29, 2017.

3. Staff filed the ordered report on December 29, 2017. On the same day, the Commission issued an Order Directing Staff to File Progress Report in which Staff was ordered to continue its investigation and file a further progress report no later than June 30, 2018.

4. As shown in the attached Progress Report memorandum, Staff has continued to work with the City regarding its compliance with Commission Rule 4 CSR 240-40.030, and the City has made progress in its compliance with the rule; however, there are still outstanding compliance concerns that the City is working with

Staff to resolve. Therefore, Staff recommends that the Commission keep this docket open. Staff proposes to provide an additional progress report no later than December 31, 2018.

WHEREFORE, Staff submits the attached Progress Report pursuant to the Commission's December 29, 2017, Order Directing Staff to File Progress Report, and requests the Commission issue an order granting Staff until December 31, 2018, to file an additional progress report in this docket.

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil
Missouri Bar No. 33825
P. O. Box 360
Jefferson City, MO 65102
(573) 526-4887 (Telephone)
(573) 751-9285 (Fax)
Email: jeff.keevil@psc.mo.gov

Attorney for the Staff of the
Missouri Public Service
Commission

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record this 29th day of June, 2018.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GS-2017-0324

FROM: Clinton Foster, Utility Engineering Specialist II, Safety Engineering Unit
Brian Buchanan, Utility Operations Technical Specialist II,
Safety Engineering Unit
Kathleen McNelis, Utility Regulatory Engineering Manager,
Safety Engineering Unit

/s/ Kathleen McNelis 06/29/2018 /s/ Jeff Keevil 06/29/2018
Commission Staff Division / Date Staff Counsel's Office / Date

SUBJECT: Staff's Status Report in the Matter of an Investigation into the City of
New Florence, Missouri's Compliance with the Commission's Rules
Regarding Natural Gas Safety Found at 4 CSR 240-40.030

DATE: June 29, 2018

Status of Staff's Investigation:

A. Standard Records and Field Inspection: Staff has continued to work with the City of New Florence (City) regarding the inspection findings of the July 6, 2016, standard records and field inspection. The City has made sufficient progress to close all of the Areas of Concern and all except one of the Areas of Probable Violations identified in Staff's inspection summary letter and follow up letters to the City.

The City has made progress to comply with 4 CSR 240-40.030(12)(D), but has not yet fully complied with the rule. This subsection prescribes minimum qualifications for persons performing each covered task¹ that the City performs on its gas system. Staff has provided the City with details on the remaining requirements, most recently in a letter dated June 25, 2018 and discussed during Staff's June 14, 2018 on-site follow-up with the City.

B. Additional Staff Inspections: Since the opening of this investigation, Staff has conducted the following additional inspections to investigate the City's compliance with additional requirements of 4 CSR 240-40.030:

¹ 4 CSR 240-40.030(12)(D)1. B. defines a covered task as an activity, identified by the operator that is 1. Performed on a pipeline facility, 2. Is an operations, maintenance or emergency-response task, 3. Is performed as a requirement of this rule and 4. Affects the operations or integrity of the pipeline.

1. Public Awareness Plan and Effectiveness Evaluation Inspection

A Public Awareness Plan (PAP) and Public Awareness Plan Effectiveness Evaluation (PAPEE)² inspection was conducted on September 11, 2017, and an inspection summary was sent to the City on September 12, 2017. The City is working towards compliance with the requirements; however, not all inspection items have been satisfactorily completed.

Natural gas pipeline operators in Missouri are required to follow the requirements outlined in 4 CSR 240-40.030(12)(K). 4 CSR 240-40.030(12)(K)2. requires that the operator must follow the general program recommendations, including baseline and supplemental requirements of the American Petroleum Institute (API) Recommended Practice (RP) 1162.³ One of the requirements in the API RP 1162 is to conduct periodic PAP effectiveness evaluations at a frequency of no more than 4 years apart.

The API RP 1162 provides examples of survey forms that may be used to obtain feedback from four stakeholder groups: the affected public, local public officials, excavators, and emergency officials. The City has made progress towards completion of this task, but has not yet completed all of the required effectiveness evaluations.

Staff has provided the City with details on the remaining requirements, most recently in a letter dated May 11, 2018 and discussed during Staff's June 14, 2018 on-site follow-up with the City.

2. Distribution Integrity Management Inspection

In order to comply with the Distribution Integrity Management Program (DIMP) requirements specified in 4 CSR 240-40.030(17), a distribution pipeline operator must among other things re-evaluate threats and risks on its entire pipeline at least every five years.⁴

- To re-evaluate threats, an operator must consider reasonably available information, including such data sources as incident and leak history, corrosion control records, continuing surveillance records, patrolling records, maintenance history and excavation damage. As a minimum, the operator must consider the threats of corrosion, natural forces, excavation damage, other outside force damage, material or welds, equipment failure, incorrect operation and other concerns that could threaten the integrity of its pipeline.⁵
- To evaluate and rank risks, an operator must consider each applicable and current and potential threat to its pipeline, the likelihood of failure associated with each threat and the potential consequences of failure.⁶

A DIMP inspection was conducted on October 30, 2017. An inspection summary was sent to the City on November 7, 2017. The City provided a revised distribution integrity

² Regulatory requirements are in 4 CSR 240-40.030(12)(K)

³ Unless the operator provides written justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and unnecessary for safety.

⁴ 4 CSR 240-40.030(17)(D)6.

⁵ 4 CSR 240-40.030(17)(D)2.

⁶ 4 CSR 240-40.030(17)(D)3.

management program plan on June 11, 2018. The revised plan does not satisfy all of the requirements of 4 CSR 240-40.030(17)(D). Staff met with the City on June 14, 2018 to discuss the required amendments. A follow-up letter was sent detailing these requirements on June 21, 2018 and requesting a revised plan by July 30, 2018.

3. Operator Qualification Program Inspection

An Operator Qualification (OQ)⁷ program inspection was conducted on October 31, 2017. An inspection summary was sent to the City on November 6, 2017. Staff requested a response within 30 days, and has not yet received a response.

Staff has provided the City with details on the remaining requirements, most recently in a letter dated May 11, 2018 and discussed during Staff's June 14, 2018 on-site follow-up with the City.

Staff's Recommendation:

Since there are still outstanding compliance concerns that the City is working with Staff to resolve, Staff recommends that the Commission keep the case opened. Staff proposes to provide an additional progress report no later than December 31, 2018.

⁷ Regulatory requirements are in 4 CSR 240-40-030(12)(D)

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

In the Matter of an Investigation into the)
City of New Florence, Missouri's)
Compliance with The Commission's)
Rules Regarding Natural Gas Safety)
Found at 4 CSR 240-40.0.30)

Case No. GS-2017-0324

AFFIDAVIT OF CLINTON L. FOSTER

State of Missouri)
) ss.
County of Cole)

COMES NOW Clinton L. Foster and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Staff Memorandum*; and that the same is true and correct according to his best knowledge and belief.

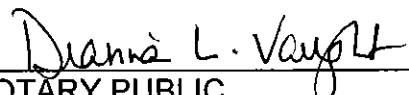
Further the Affiant sayeth not.



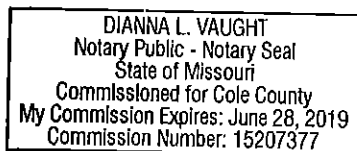
Clinton L. Foster

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 25 day of June, 2018.



NOTARY PUBLIC



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

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City of New Florence, Missouri's)
Compliance with The Commission's)
Rules Regarding Natural Gas Safety)
Found at 4 CSR 240-40.0.30)

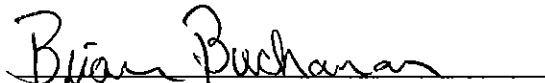
Case No. GS-2017-0324

AFFIDAVIT OF BRIAN BUCHANAN

State of Missouri)
) ss.
County of Cole)

COMES NOW Brian Buchanan and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Staff Memorandum*; and that the same is true and correct according to his best knowledge and belief.

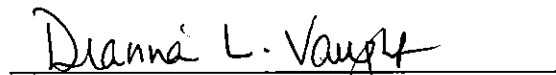
Further the Affiant sayeth not.


Brian Buchanan

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 25 day of June, 2018.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377


NOTARY PUBLIC

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Compliance with The Commission's)	<u>Case No. GS-2017-0324</u>
Rules Regarding Natural Gas Safety)	
Found at 4 CSR 240-40.0.30)	

AFFIDAVIT OF KATHLEEN A. MCNELIS, PE

State of Missouri)
) ss.
County of Cole)

COMES NOW Kathleen A. McNelis, PE, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Memorandum*; and that the same is true and correct according to her best knowledge and belief.

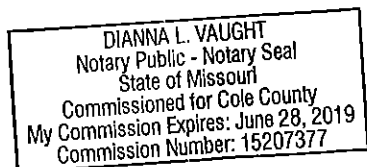
Further the Affiant sayeth not.

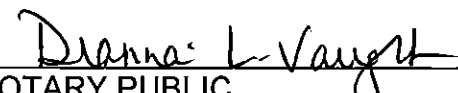


Kathleen A. McNelis, PE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 22nd day of June, 2018.





NOTARY PUBLIC