

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

In the Matter of Missouri Gas Energy)
Concerning a Natural Gas Incident in)
Kansas City, Missouri.)

Case No. GS-2008-0002

**STAFF'S RESPONSE TO COMMISSION ORDER
REQUIRING STAFF TO REPORT REGARDING
MISSOURI GAS ENERGY'S REPLACEMENT OF CERTAIN PIPELINES**

COMES NOW the Staff of the Missouri Public Service Commission and for its Response to the Commission's March 13, 2008 Order directing Staff to file a report concerning Missouri Gas Energy's (MGE) replacement of certain piping states:

1. Attached is Staff's Memorandum notifying the Commission that Missouri Gas Energy (MGE) has complied with Paragraph 4 of the Settlement Agreement.
2. MGE has removed all remaining 579 feet of 16-inch diameter cast iron natural gas main operating above 25 psig from service.
3. This project was completed by MGE on October 20, 2010.
4. Additionally, since November 7, 2007, MGE has removed or replaced an additional 15.9 miles of cast iron natural gas mains.

WHEREFORE, the Staff notifies the Commission MGE has complied with Ordered Paragraph 3 of the Commission's March 31, 2008 *Order Approving Settlement Agreement* and has removed more cast iron gas mains than required by the Stipulation and Agreement in this case. Staff advises the Commission may close this case.

Respectfully submitted,

/s/ Lera L. Shemwell

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 27th day of March, 2012.

MEMORANDUM

TO: Missouri Public Service Commission Official Case File, GS-2008-0002, Missouri Gas Energy, a division of Southern Union Company

FROM: Greg Williams – Gas Safety/Engineering Section
Steve Fischer – Gas Safety/Engineering Section

/s/Robert R. Leonberger 03/27/12 /s/Lera Shemwell 03/27/12
Project Coordinator / Date General Counsel's Office / Date

SUBJECT: Notice Regarding Commission's Order Approving Settlement Agreement in Case No. GS-2008-0002 and Missouri Gas Energy's Compliance with Ordered Paragraph 4

DATE: March 27, 2012

In compliance with the Commission's March 13, 2008 Order Approving Settlement Agreement, the Commission's Gas Safety Department has investigated Missouri Gas Energy's compliance with Ordered Paragraph 4.

Paragraph 4-Required Actions by MGE and the Staff

"The Staff of the Commission shall investigate and determine whether Missouri Gas Energy, a division of Southern Union Company has replaced, by December 31, 2011, the remaining 579 feet of 16-inch diameter cast iron natural gas main operating above 25 psig, which is located in an unpopulated area."

Staff's Investigation & Response

The Staff has determined that Missouri Gas Energy (MGE) has complied with Paragraph 4 of the Settlement Agreement contained in Case No. GS-2008-0002. MGE has removed from service the remaining 579 feet of 16-inch diameter cast iron natural gas main operating above 25 psig prior to December 31, 2011. This project was completed by MGE on October 20, 2010.

In addition to complying with Ordered Paragraph 4, prior to December 31, 2011, MGE has also taken proactive safety measures by replacing or retiring all cast iron natural gas mains operating above 25 psig (this includes all CI pipe sizes). In addition to what was ordered, MGE has removed or replaced an additional 15.9 miles of cast iron natural gas mains since November 7, 2007.

Staff recommends this case may be closed.

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In the Matter of Missouri Gas Energy)
Concerning a Natural Gas Incident in)
Kansas City, Missouri) File No. GS-2008-0002

AFFIDAVIT OF STEVE FISCHER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Steve Fischer, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Steve Fischer

Subscribed and sworn to before me this 27 day of March, 2012.

SUSAN L. SUNDERMEYER
Notary Public - Notary Seal
State of Missouri
Commissioned for Callaway County
My Commission Expires: October 03, 2014
Commission Number: 10942086



Notary Public

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Kansas City, Missouri)

AFFIDAVIT OF GREG WILLIAMS

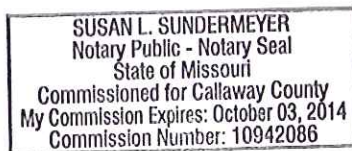
STATE OF MISSOURI)
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Greg Williams, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Greg Williams

Subscribed and sworn to before me this 27th day of March, 2012.





Notary Public