

**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. As shown in the attached Progress Report memorandum, Staff and the City have made progress; 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 by June 30, 2018.

WHEREFORE, Staff submits the attached Progress Report pursuant to the Commission's June 28, 2017, Order Opening an Investigation, and requests the

Commission issue an order granting Staff until June 30, 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 December, 2017.

/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
Kathleen McNelis, Utility Regulatory Engineering Manager,
Safety Engineering Unit

/s/ Kathleen McNelis 12/29/2017
Commission Staff Division / Date

/s/ Jeff Keevil 12/29/2017
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: December 29, 2017

Background:

On July 6, 2016, the Commission's Safety Engineering Unit Staff ("Staff") conducted a standard pipeline safety records and field inspection of the New Florence municipal gas system. On July 8, 2016, Staff provided an inspection summary letter to the City of New Florence (the "City") which listed and explained twelve (12) Areas of Probable Violation ("APVs") and three (3) Areas of Concern ("ACs") which Staff found during its July 6th inspection. The letter requested a response from the City within twenty days indicating any actions taken or scheduled as a result thereof.

The City provided an update of its progress on July 21, 2016, and a partial response to Staff's inspection summary providing satisfactory responses to three (3) of the twelve (12) APVs and one (1) of the three (3) ACs on December 14, 2016. Staff sent a follow-up letter to the City dated February 6, 2017, requesting a response by February 26, 2017, and met with City personnel on February 23, 2017, to discuss the status of the items contained in the follow-up letter. During this meeting Staff agreed to allow the City until March 8, 2017, to respond.

Having received no response from the City by March 8, 2017, Staff contacted the City and agreed to allow the City until April 1, 2017, to respond to the letter dated February 6, 2017. Having still received no response from the City, Staff Counsel sent a letter to the City dated May 5, 2017, requesting a response within ten days to the items contained in Staff's February 6, 2017, follow-up letter.

No response having been received by June 6, 2017, Staff filed a Motion to Open Case which requested that the Commission open a case to investigate the City's compliance with the Commission's rules regarding natural gas safety found at 4 CSR 240-40.030 and to assist Staff in conducting more formal discovery, including but not limited to the issuance of subpoenas,

pursuant to the Commission's rules of practice and procedure. See 4 CSR 240-2.090 and 4 CSR 240-2.100. On June 28, 2017, the Commission opened case number GS-2017-0324 to facilitate Staff's investigation and to afford Staff an opportunity to report to the Commission as appropriate. The Commission ordered Staff to undertake an investigation of the City of New Florence's compliance with the Commission's rules regarding gas safety and to file a progress report regarding its investigation no later than December 29, 2017.

Status of Staff's Investigation:

Standard Records and Field Inspection: Staff has continued to work with the City of New Florence 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 AC's and all except one of the APV's. The City is continuing to work toward satisfactory completion of the remaining APV; however, to date, not all requirements have been completed.

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:

- A Public Awareness Plan (PAP) and Public Awareness Plan Effectiveness Evaluation (PAPEE)¹ 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.
- A Distribution Integrity Management Program (DIMP)² inspection was conducted on October 30, 2017. An inspection summary was sent to the City on November 7, 2017. Staff requested a response within 60 days, which would be January 6, 2018.
- An Operator Qualification (OQ)³ 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'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 by June 30, 2018.

¹ Regulatory requirements are in 4 CSR 240-40.030(12)(K)


² Regulatory requirements are in 4 CSR 240-40-030(17)

³ Regulatory requirements are in 4 CSR 240-40-030(12)(D)

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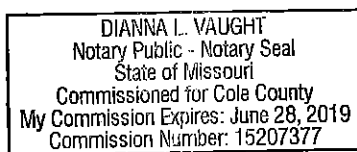
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Further the Affiant sayeth not.


Clinton L. Foster


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 27th day of December, 2017.

Deanna L. Vaughn
Notary Public



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STATE OF MISSOURI)
COUNTY OF COLE) SS


Kathleen A. McNelis

Dianna L. Vought
Notary Public

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