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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 5th
day of August, 1999.

In the Matter of the Missouri Public)	
Service Commission,)	
)	
Complainant,)	
)	
vs.)	<u>Case No. GC-96-452</u>
)	
The City of Granby, Missouri,)	
)	
Respondent.)	

**ORDER DENYING SECOND MOTION TO MODIFY STIPULATION AND
AGREEMENT AND/OR GRANT AN EXTENSION OF TIME FOR COMPLETION OF
NATURAL GAS DISTRIBUTION SYSTEM REPLACEMENT PROJECT**

On June 22, 1999, The City of Granby, Missouri (Granby) filed a Second Motion to Modify Stipulation and Agreement and/or Grant an Extension of Time for Completion of Natural Gas Distribution System Replacement Project. In its motion, Granby requests that the Commission extend the completion date for a natural gas distribution system replacement project. By its Order issued on December 3, 1998, the Commission established a deadline of July 31, 1999 for the completion of that project. Granby's Motion asks that the deadline be extended to November 1, 1999.

In support of its Motion, Granby states that it has encountered several problems that have delayed completion of the project. Specifically, Granby alleges that it has had 38 work days canceled or

abbreviated because of weather conditions; that it has had less than anticipated production from the trenching and boring equipment as a result of the rocky soil in the Granby area; and that it has experienced personnel turnover that reduced the crews available to perform the work and required that new personnel be hired and trained. The Staff of the Public Service Commission (Staff) responded to Granby's Motion on July 16. Staff argues that the Commission should not grant the extension of time requested by Granby and alleges that the reasons given by Granby to justify the delay in completion of the project are not sufficient.

This case began on June 24, 1996, when Staff filed a complaint against the City of Granby. The complaint resulted from Staff's investigation into a natural gas explosion and resulting fire that occurred on February 7, 1996. A single-family residence was destroyed and one person was killed as a result of the explosion. The Commission's investigation indicated that the explosion happened because a steel gas main sustained long-term bending stress, probably as a result of ground subsidence resulting from incomplete compaction of the backfill material placed under the gas main during a previous sewer main construction under the natural gas main.

On February 4, 1997, the parties filed a unanimous stipulation and agreement that resolved the issues raised in Staff's complaint. As part of the stipulation, Granby agreed to excavate and inspect a large sample of locations on its gas system in which a sewer line passed under the gas

line. The Commission accepted the stipulation and agreement in a Report and Order issued on September 3, 1997.

In an order dated March 17, 1998, the Commission approved a modified stipulation and agreement that released Granby from its obligation, under the Stipulation, to excavate and expose the sample of high-risk locations. Granby was instead required to completely replace its existing steel natural gas distribution system with a system consisting of polyethylene pipe, valves and fittings. The revised stipulation required that the replacement work be completed by the first quarter of 1999.

On October 28, 1998, Granby filed a Motion to Modify Stipulation and Agreement and/or Grant an Extension of Time for Completion of Natural Gas Distribution System Replacement Project. In its motion, Granby alleged that, because of difficulties encountered in completing the project, it would be unable to complete the gas line replacement project in time to comply with the completion date established in the Commission's order. Granby requested that the completion date of the project be extended from the end of the first quarter of 1999 (March 31) to July 31, 1999.

In an Order issued on December 3, 1998, the Commission granted Granby's Motion and extended until July 31, 1999, the time for completion of the replacement project. The Commission's order also states that "the Commission will entertain the assessment of a daily penalty against the

city for each day after August 1, 1999 that the replacement project is not complete."

When the Commission granted Granby's first motion for an extension of time, it did so based on Granby's representation that it would complete the project by July 31. The excuses offered by Granby for its failure to complete the project on time do not justify a further extension. Obviously, by the time it filed its first motion for extension of time, Granby knew or should have known about the rocky soil conditions it would encounter. Problems with the weather and with employee turnover are problems common to any construction project and should have been anticipated by Granby. In short, Granby has not justified its failure to complete this construction project on schedule.

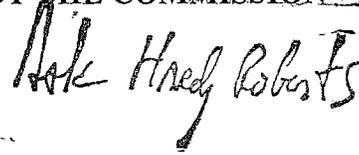
Granby's motion for extension of time to complete the construction project will be denied. Imposition of penalties for failure to complete the construction project on schedule may or may not be appropriate depending upon Granby's final efforts to meet its deadline. A decision concerning the possible imposition of penalties will be made at a subsequent time following the filing of an appropriate motion by Staff. Granby is encouraged to make every effort to complete this important safety project as soon as possible.

IT IS THEREFORE ORDERED:

1. That the City of Granby's Second Motion to Modify Stipulation and Agreement and/or Grant an Extension of Time for Completion of Natural Gas Distribution System Replacement Project is denied.

2. That this order shall become effective on August 17, 1999.

BY THE COMMISSION

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive style with a large initial "D".

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray,
Schemenauer, and Drainer, CC., concur

Woodruff, Regulatory Law Judge